ISCTE ◉ Business School
Instituto Universitário de Lisboa

BUSINESS PLAN OF A THREE-STAR HOTEL IN THE CITY OF LISBON

"LISBON JOURNEY HOTEL"

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Master in Science of Business Administration

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Abstract

Tourism has become one of the most significant industries in the whole world, being in continuous change, either due the appearance of new types of offer, but also due the changes on the demand side, both influenced by the globalization and the internet, which increased the number of tourist and changed their motivations and behaviors. This way, and in order to compete and grow in this industry, it is crucial to define a suitable strategy.

This applied project is based on the creation of a centrally located three-star hotel in the city of Lisbon – *Lisbon Journey Hotel* – through the rehabilitation of an existing building in *Avenida da Liberdade*. The main goal of the hotel is to offer a good Bed & Breakfast service at a very competitive price, aiming, primarily, to reach people who travel for professional reasons, but also the city-breakers. Regarding to Food and Beverage services, the Hotel will not have any Bar or Restaurant available.

A competitive pricing will be based on a strategy of cost leadership through the optimization of operations and processes.

The business plan presents firstly an environmental and market analysis, highlighting Lisbon's current hospitality industry and competition. After that, it defines the Hotel's target and positioning, as well as the strategy to pursue. Finally, it identifies the resources and investments required to implement and exploit the Hotel, followed by an economic and financial analysis that evaluate and support the project.

Key-words: Hospitality, Business Plan, Strategy, Cost efficiency

JEL Classification System:

- M10 – General Business Administration

Resumo

O turismo tornou-se num dos setores de atividade mais importantes de todo o mundo, estando em constante mudança, quer pelo aparecimento de novos tipos de oferta, mas também pelas mudanças verificadas ao nível da procura. Ambas as vertentes são influenciadas pela globalização e pela utilização da internet, que têm conduzido a um aumento do número de turistas e a uma mudança nas suas motivações e comportamentos. Desta forma, para competir e crescer nesta indústria é fundamental definir uma estratégia adequada.

O projeto aplicado baseia-se na criação de um hotel de três estrelas, localizado no centro da cidade de Lisboa – *Lisbon Journey Hotel* – através da reabilitação de um prédio existente na *Avenida da Liberdade*. O objetivo do hotel é prestar um bom serviço de Aposento e Pequeno-almoço a um preço bastante competitivo, visando alcançar, primeiramente, turistas que viajam por motivos profissionais, mas também os *city-breakers*. Relativamente ao serviço de Alimentação e Bebidas, o Hotel não contará nem com Bar nem com Restaurante.

A competitividade pelo preço será baseada numa estratégia de liderança nos custos, através da otimização das operações e processos.

O plano de negócios apresenta, primeiramente, uma análise do meio ambiente e do mercado, focando o setor hoteleiro e a concorrência atual de Lisboa. É também definido o público-alvo e o posicionamento do hotel, tal como a estratégia a seguir. Por fim, são identificados os recursos e os investimentos necessários à implementação e exploração do hotel, seguidos por uma análise económica e financeira, que avalia e suporta o projeto.

Palavras-chave: Hotelaria, Plano de Negócios, Estratégia, Eficiência nos Custos

Sistema de classificação JEL:

- M10 – General Business Administration

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List of abbreviations

AIEST – *Association Internationale d'Experts Scientifiques du Tourisme*

APV – Adjusted Present Value

APT – Automatic Payment Terminals

BRL – Brazilian Real

CIRS – *Código do Imposto sobre o Rendimento das Pessoas Singulares*

CMS – Content Management System

EBIT – Earnings before Interest and Taxes

EBITDA – Earnings before Interest, Taxes, Depreciation, and Amortization

ECB – European Central Bank

EUR – Euro

GBP – British Pound

GDP – Gross Domestic Product

GDS – Global Distribution System

IAPCO – International Association of Professional Congress Organizers

ICCA – International Congress and Convention Association

IMF – International Monetary Fund

IMI – *Imposto Municipal sobre Imóveis*

INE – *Instituto Nacional de Estatística*

IRC – *Imposto sobre o Rendimento das Pessoas Coletivas*

IRR – Internal Rate of Return

IRS – *Imposto sobre o Rendimento das Pessoas Singulares*

IVA – *Imposto sobre o Valor Acrescentado*

JESSICA – *Joint European Support for Sustainable Investment in City Areas*

MICE – Meetings, Incentives, Conferences and Events

NPV – Net Present Value

OECD – Organization for Economic Co-operation and Development

OTA – Online Travel Agencies

PDM – *Plano Director Municipal*

PENT – *Plano Estratégico Nacional de Turismo*

PI – Profitability Index

PIT – *Programa de Intervenção do Turismo*

PMS – Property Management System

PP – Payback Period

PPP – Purchasing Power Parity

QREN – *Quadro de Referência Estratégico Nacional*

RevPar – Revenue per Room

RFID – Radio Frequency Identification

SEO – Search Engine Optimization

STP – Segmentation, Target and Positioning

SWOT – Strengths, Weaknesses, Opportunities and Threats

TIES - International Ecotourism Society

UNWTO – World Tourism Organization

USD – US Dollar

VAT – Value Added Tax

WC – Working Capital

1. Sumário Executivo

A presente tese de mestrado consiste na avaliação de um projeto de investimento para a implementação de um hotel de 3 estrelas no centro da cidade de Lisboa – Avenida da Liberdade.

A motivação para o desenvolvimento do tema surge do interesse em perceber e aprender acerca do sector hoteleiro em Portugal, focando principalmente na cidade de Lisboa e no seu forte crescimento. Por outro lado, permite aplicar os conhecimentos académicos e profissionais através do desenvolvimento de um projeto de investimento real.

O projeto prevê a reabilitação de um prédio existente na cidade, convertendo-o num hotel de 3 estrelas com 104 quartos, contando com duas tipologias: duplos (50%) e twins (40%). O hotel contará com 30 lugares de estacionamento e com uma sala para reuniões e eventos.

O objetivo principal do hotel é prestar um bom serviço de Aposento e Pequeno-almoço a um preço competitivo (64 e 85 euros), visando alcançar turistas que viajam por motivos profissionais, mas também os *city-breakers*. O hotel disponibilizará aos seus hóspedes Wi-Fi grátis em todo o hotel, tal como outros serviços complementares, tal como parque de estacionamento e sala de reuniões e eventos, para os quais o cliente terá de pagar um custo extra. Relativamente ao serviço de Alimentação e Bebidas, o Hotel não contará nem com Bar nem com Restaurante, aumentando o foco no *core business* da empresa e visando uma maior eficiência do hotel.

O valor do investimento inicial é de 10,693,916 euros, dos quais 4,452,636 euros serão financiados por capitais próprios e o restante através de um Leasing Imobiliário (4,452,636 euros). O projeto tem a duração de 20 anos, sendo o primeiro ano o de implementação (2017).

Por fim, é possível concluir que este projeto é globalmente viável apresentando um Valor Atualizado Líquido (VAL) de 1,490,805 euros e uma TIR de 9,28%.

2. Applied Project Research Problem

Besides its history and culture, Lisbon presents to its visitors so many things to see and discover, giving them access to a wide array of different experiences: gastronomy, nightlife, architecture, monuments, museums, aquariums, neighbourhoods, shopping, businesses. Thus, it has been an increasingly demanded city, either for business or leisure tourists, being one of the preferred destinations to make a City-break.

Regarding to means of transportation, this city has its airport at 7 km from the city centre with connections to several countries, receiving more passengers than any other airport in Portugal. Moreover, the Portuguese capital has a good transport network, being easy to travel through the city by subway, bus, tram, train and other alternative options, as well as to visit other places of interest, such as Sintra and Cascais.

All the shown characteristics contribute for the sustained growth of the tourism in Lisbon (there was an increase on the overnight stays of 15% and an increase on the revenues of 15.5% in 2014 when compared to 2013, according to *Turismo de Portugal*), being expected a continuous increase for the next years.

The main goal of this Master Thesis is to develop a business plan for the implementation and exploitation of a three-star hotel in the city of Lisbon, following a coherent structure that encompasses several stages, ending with an evaluation and investment analysis and decision.

This project allows the application of several different concepts regarding the hospitality industry in Portugal and Lisbon: tourism trends and expectations, as well as, demand and supply features and motivations.

3. Literature Review

3.1. Tourism definition

Tourism is one of the largest industries in the world, having a huge importance in the development of different countries worldwide. The entire industry and its activities have been studied over the years by several authors and there is not a consensual definition of its scope. Therefore, some of them are going to be presented next.

One of the first definitions of tourism was made by Guyer-Feuler (1905) that defined tourism as "*a phenomenon unique to modern time which is dependent on the people's increasing need for a change and relaxing, the wish of recognizing the beauties of nature and art and the belief that nature gives happiness to human beings and which helps nations and communities' approaching to each other thanks to the developments in commerce and industry and the communication and transportation tools' becoming excellent*". Later, Professor Hunziker's (1942) defined tourism as the "*sum of the phenomena and relationships arising from the travel and stay of non-residents, in so far as they do not lead to permanent residence and are not connected with any earning activity*", a definition that was also adopted in 1981 by the *Association Internationale d'Experts Scientifiques du Tourisme* (AIEST).

According to the World Tourism Organization (UNWTO), tourism is a "*social, cultural and economic phenomenon which entails the movement of people to countries or places outside their usual environment for not more than one consecutive year for personal or business/professional purposes*". Thus, in order to experience tourism, people usually spend money on non-essentials, leisure time and tourism infrastructure such as transportation and accommodation. In order to measure and analyze tourism, the United Nations defined some relevant concepts, classifications and the basic set of data that is important to take into consideration, while analyzing the concept of Tourism. According to this Organization there are three forms of tourism in terms of country reference (United Nations, 2010):

- **Inbound tourism:** involves the activities of non-resident visitors, travelling to a given country that is outside their usual environment;
- **Domestic tourism:** includes the activities of national tourists of a given country, travelling and staying in places within the country of residence;

- **Outbound tourism:** includes the activities of resident visitors outside their country of residence and their usual environment, either as part of an outbound tourism trip or as part of a domestic tourism trip.

Moreover, related with those forms of tourism, the United Nations (2010) defined the following types of tourism:

- **Internal tourism:** includes the activities of resident and non-resident visitors travelling to a given country as part of domestic or inbound tourism trips;
- **National tourism:** involves the activities of resident visitors inside and outside the country of residence, either as part of domestic or outbound tourism trips;
- **International tourism:** encompasses the activities of resident visitors outside the country of residence, either as part of domestic or outbound tourism trips and the activities of non-resident visitors within the country of reference on inbound tourism trips.

3.2. Tourism Motivators

In order to understand the customer decision process and predict demand it is crucial to analyze the motivator factors that promote and increase the mobility of tourists.

According to McIntosh, Goeldner and Ritchie (2000) there are four types of motivators:

- **Physical motivators:** which are related to physical aspects, such as body and mind, health purpose, sport and pleasure;
- **Cultural motivators:** which are related with the individual desire for travel to learn about a country and the region, their population, their traditions, music, art, etc.;
- **Interpersonal motivators:** which are associated with the desire to visit relatives and friends, and to seek new and different experiences;
- **Status and prestige motivators:** which are linked to the needs of personal development, recognition and esteem.

Besides that, the identification of different types of tourism products depends on such tourist's motivations and abilities to travel, as well as on a combination of several different factors (destination's characteristics and attractions and types of accommodation). Despite the fact that there is not an international definition, the United

Nations (2010) identified the following tourism products: sun-and-sand tourism; culinary tourism; ecotourism; agro-tourism; health tourism; business tourism; city tourism; winter tourism; religious tourism, among others.

In Portugal, the *Turismo de Portugal* defined the following strategic tourism products, based in the resources and distinctive factors of Portugal (Turismo de Portugal, 2007):

- Sun and Sea

- City Break

- Gastronomy and Wines

- Health and Wellness

- Cultural and landscape touring

- Nature Tourism

- Nautical Tourism

- Golf

- Integrated resorts and residential tourism

3.3. Tourism Trends

3.3.1. World

According to the World Tourism Organization (UNWTO), tourism has experienced a continued expansion and diversification in the last few years, becoming one of the largest and fastest-growing economic industries in the world. Several different countries recognize its importance for their socio-economic progress, through the creation of jobs and companies, export revenues and infrastructure development, investing more and more in tourism.

Despite wars, terrorist attacks and a growing fear of pandemics as well as diverging economic conditions, the international tourist arrivals have increased during the last five consecutive years, hitting a record of 1,133 million worldwide in 2014 (1,087 million in 2013). Demand continued to be strong in most markets and destinations, despite ongoing geopolitical, economic and health challenges in some parts of the world. Furthermore, UNWTO estimates an increase of 3.3% a year between 2010 and 2030, reaching 1,800 million international tourist arrivals by 2030. It is expected an increase of the arrivals in emerging economy destinations of Asia, Latin America, Central and Eastern Europe, Eastern Mediterranean Europe, Middle East and Africa, by 4.4% a year which is twice the rate predicted for the advanced economies. As a result, the North

America, Northern Europe and Western Europe will experience a further decline in their share of international tourism, being predicted that 57% of international arrivals in 2030 will be in emerging economy destinations (UNWTO, 2015).

Besides that, the revenues from international visitors on tourism activities reached 937,000 million euros in 2014, increasing 3.7% when compared to the value of 2013. The expenditure by international visitors is counted as exports for the destination country and as imports for the country of residence of the visitor. In 2014, the tourism represented 6% of the world's exports, being for many countries a vital source of foreign currency inflows and an important contributor to the economy, creating much-needed employment and further opportunities for a sustainable development (UNWTO, 2015).

Regarding to world tourism trends, between 2010 and 2014 people around the world have been increasingly travelling abroad on holiday. Sun and beach holidays have grown up by 18% over the last years and remain the most significant category, representing 28% of all holiday's trips in 2014. On the other hand, countryside destinations have declined by 17%, representing 11% of all holidays. Despite this, the higher increase has been on city trips which have grown by 58% over the last five years, reaching a 20% market share, supported by the increase of low-cost flights and budget accommodations availability (IPK International, 2014).

Moreover, tourists depend more and more on technology. The internet has changed the way how tourists get information, plan, book, and share their travel, influencing also the way how they live their travels. In fact, over the last years, the number of internet users has dramatically increased, through a wide set of different electronic devices.

According to the study about the Information, Communication and Electronic Technologies applied to tourism - Turismo & TICE 2020 -, promoted by *Pólo de Competitividade e Tecnologia Turismo* in 2015 and executed by IDTOUR – Unique Solutions, 60% of the social media users search for inspiration to their travels on this kind of platforms, sharing the travels that they want to do with the other users. Along with this, the social media has increased its influence on the destination's choices, with 7% of the tourists changing them after searching on these platforms, based on others' reviews, personal opinions and recommendations. On the other hand, 57% of the reservations are made on internet: 63% through computers and 37% through tablets and

smartphones (the use of the latter is increasing, mainly in terms of reservations made on the same day of the travel). Finally, it is important to note that 85% of the tourists want to have free Wi-Fi on the facilities that they go through, as well as an adequate support for the use of their several technological devices: 40% of the clients are travelling with 3 or more (IDTOUR – Unique Solutions, 2015).

Regarding the transportation mode, worldwide overnight visitors still prefer to travel by plane to their destination. This trend has increased gradually over time, representing 54% of the total in 2014 (UNWTO, 2015).

Lastly, it is crucial to analyze the trends on accommodation industry. Between 2010 and 2014, the "*para-hotellerie*" segment, that covers different forms of private accommodation ranging from holiday homes, bed and breakfast and hostels, has increased 35%, reaching a 40% share of overall world outbound accommodation market, according to the ITB World Travel Trends Report 2014/2015, published by IPK International in 2014. Accordingly, hotel Groups are starting to adapt and broaden their offering, responding to the new exigencies of customers, as well as adding innovative services and products to defend their competitive position (IPK International, 2014).

3.3.2. Europe

Europe remains the World's most visited region, representing 51% of all international arrivals in 2014. The international tourist arrivals grew 3%, reaching a total of 582 million, whereas the tourism revenues in Europe grew 4%, reaching 383 billion euros (UNWTO, 2015).

Southern Europe and Northern Europe were the two fastest-growing sub-regions, with the number of international arrivals rising 7% in 2014. On the other hand, the arrivals to Central and Eastern Europe dropped 1%, in view of the slowdown on Russian outbound tourism, according to UNWTO figures (UNWTO, 2015).

Despite the low growth of the European economy in 2014 and 2015 (along with other threats, such as Ukraine crisis, Middle East and North African conflicts and Ebola outbreak in West Africa), Europeans travelled more and spent more traveling in 2014 (IPK International, 2014).

According to the report of IPK International: ITB World Travel Trends Report 2014/2015, Europe presented the following trends in 2014:

- The number of outbound trips increased 3% and the number of overnight stays was stable;
- Europeans increased the number of short time trips;
- The number of low-cost air routes in European countries have increased, along with the introduction of new ones;
- City trips continued to grow strongly in Europe with a 10% increase in 2014;
- Business travels rose only 1%. Regarding this, it is important to note that the MICE trips (Meetings, Incentives, Conferences and Events) grew 4% while traditional business trips declined by 3%;
- Europeans are booking more through the internet, while bookings through travel agencies have stagnated;
- Long-haul travels by Europeans have increased, being Asia the preferred destination;
- Europeans are more optimistic about their travel intentions, which translates in higher travel predictions, mainly on holidays;
- The interest for last-minute decision-making is becoming more prevalent.

Regarding to the most used type of accommodation, hotels and similar accommodation is the preferred to resident and non-resident tourists in European Union. In fact, this type of accommodation accounted 64% of the total nights spent in 2013, followed by holiday homes and other short-stay accommodation (22%) and camping grounds, recreational vehicle parks and trailer parks (14%) (Annex 1).

The accommodation industry is very exposed to seasonal fluctuations. So, according to Eurostat, in Europe the two summer months (July and August) accounted for 33% of all the nights spent in tourist accommodation in 2014, with the period from June to September representing more than half of all nights during the year. The seasonality was less pronounced for hotels and similar accommodation than for the other accommodation types (Annex 2).

3.3.3. Portugal

The tourism is a very important industry in Portugal, contributing for the development of its different regions, through the creation of jobs and companies, infrastructure development and nature preservation. It plays a critical role in the economic growth of the country, through the increase of export revenues. In fact, in 2014 the international tourism revenues represented 14.8% of the total of Portugal exports and 45.6% when compared to the service exports (Turismo de Portugal, 2015).

According to *Turismo de Portugal*, the tourism in Portugal will present a scenario of moderate expansion between 2015 and 2020, with the predictions estimating an average annual growth of 2.4% in overnight stays, reaching a total of more than 50 million overnight stays in 2020. At the same time, the international tourism revenues are predicted to assume an average annual growth of 3.6%, being expected a total of 13,400 million euros (Turismo de Portugal, 2015).

Regarding the opportunities and trends of the tourism in Portugal for the period of 2015 and 2020, the *Turismo de Portugal* presented the following indicators (Turismo de Portugal, 2015):

- It is expected an increasing growth of tourism activities worldwide, searching for new destinations;
- Portugal is an affordable destination, presenting a good relation between price and quality;
- Cruise tourism keeps growing worldwide, with Portugal benefiting of its coastline and conditions;
- High international reputation of Portugal as tourism destination, increasing the number of visitors and business opportunities;
- Portugal is known mainly for the weather, price, good reception, security, gastronomy, transportation, and cultural and natural patrimony, being one of the most competitive destinations worldwide (Portugal is the 15th ranked country in the Travel & Tourism Competitiveness Index – 2015, by World Economic Forum);
- Importance of internet and social media, that influence more and more the decision-making process of tourists, being developed by the public and private organizations in Portugal;

- Portugal is prepared for the increase of the nature and health and well-being tourism;

- Increase of the international students and professors promoting Portugal to their relatives and friends and influencing them to visit this country;

- Contribution of the Portuguese emigrants that maintain good relations with Portugal;

- Growth of the low-cost flights with new routes;

- Increase of short travels and city breaks, with Lisbon and Oporto leading this trend.

Thus, Portugal should select the opportunities that are the most appropriate for their specific market and products involved.

3.3.4. Growing trends in Lisbon City

Tourism has had a vital contribution to the Lisbon city, with the overnight stays increasing on average of 6% a year between 2009 and 2013. Despite the fact that Europeans remain the main visitors of Lisbon (55% of the total) the Brazilians have increased their weight, being an important market for this industry. Moreover, Lisbon presents unique conditions to have a complete offer to its visitors (national and foreigners) through its diversity: city breaks; industry meetings; golf; gastronomy and wines; sun and beach; nautical tourism; health and well-being, requiring development and investment in particular products that the city can offer. (Roland Berger Strategy Consultants, 2014).

In terms of City Breaks, which is a short holiday break (1-3 days) spent in a city with monumental, architectural, cultural, commercial, gastronomic and other attractions (Turismo de Portugal, 2007), Lisbon has been well positioned as a city/short break destination, mainly for couples between 35 and 54 years. In fact, city breaks are the most common motivator to visit this city (Observatório do Turismo de Lisboa, 2015). The recognition of Lisbon as a City Break destination was highlighted through the World Travel Awards since the city won Europe's Leading City Break Destination award in 2009, 2010 and 2013.

On the other hand, business tourism has been improving in the last few years, being the second higher motivator of the Lisbon's visitors (Observatório do Turismo de Lisboa, 2015). Lisbon has improved its conditions and capacity to become a preferred destination for conferences and large meetings, being well ranked as a MICE (Meetings, Incentives, Conferences and Exhibitions) destination. In fact, the ranking of ICCA (International Congress and Convention Association) shows Lisbon as the 12th city worldwide with more meetings organized in 2014 (109 meetings).

The MICE tourism, also named Meeting Industry, is a type of tourism that has been increasing worldwide. The MICE concept aggregates the following four different components, which have been defined by the International Association of Professional Congress Organizers (IAPCO):

- **Meeting:** indicates the reunion of a number of people in one place, to confer or carry out a particular activity;
- **Incentive:** meeting event as part of a program which is offered to its participants in order to reward a previous performance;
- **Conference:** participatory meeting designed for discussion, fact-finding, problem solving and consultation;
- **Exhibition:** events at which products and services are displayed.

4. Project and company description

The project consists in the creation of a centrally located three-star hotel in the city of Lisbon that offers a good standard service at a very competitive price, aiming, primarily, to reach people who travel for professional reasons, using the hotel only for a couple of hours a day. However, it will also be focused on city-break tourists that visit Lisbon for two or three days and search for a central place to stay, sustaining a solid occupation during the weekend.

The hotel will offer to customers a good accommodation and breakfast service by providing a comfortable place to relax and rest at a competitive price and with free Wi-Fi disposable, having available other services for an additional fee. Regarding to Food and Beverage services, the Hotel will not be available any Bar or Restaurant.

A competitive pricing will be based on a strategy of cost leadership that will put in the center of management focus the optimization of operations and processes to reduce the costs and resources used. In addition, a very close monitoring of competition will be implemented to assure the maintenance of a competitive offer. It should also be noted that the hotel offers a prime location. It is going to be built on *Avenida da Liberdade*, a landmark in the more highlighted commercial and business Lisbon area and with easy access to the main public transportation networks.

Vision: Grow up on a consolidated and sustainable basis, aiming to set up a Hotel chain and to be a reference in the hospitality industry.

Mission: Provide hosting services at quite competitive prices to business and city-break guests who value centrality and a good bed and breakfast service.

Values:

- Hospitality – focus on the customers, promoting an exceptional guest experience.
- Efficiency – offer a good service with the adequate resources.
- Respect – respect the Hotel environment, treating the co-workers and guests accurately, as well as, having a sustainable behavior to the society and the region.
- Loyalty – create a mutually trust relationship with Hotels´ guests and shareholders.
- Integrity – conduct the business ethically and responsible.

5. Framework and Methodology

The present business plan is structured along the following points:

- **Mediate environment analysis –** it identifies the external constraints that could have an impact on the organization, analyzing the political, economic, social and technological context of Portugal.
- **Immediate environment analysis –** it analyses the tourism industry context in Portugal, with a special emphasis in Lisbon, through Porter's five forces model.
- **Market Analysis –** it includes the analysis of the offer and demand side of the industry in the city of Lisbon.

- **Competition Analysis –** it identifies and characterizes the direct and indirect competitors of the hotel unit.
- **Internal Analysis –** development of a systemic SWOT analysis based on the environment analysis and considering the strategic position the company.
- **Segmentation, Target and Positioning –** it defines the specific characteristics of the targeted customers and positioning the hotel in the local market taking into account the expectation of its customers and the existent competition.
- **Marketing-mix definition –** it defines the marketing plan which encompasses the key variables product, price, promotion and distribution to be applied by the hotel.
- **Technical features –** it identifies several key elements to be considered in the development of the hotel unit: size, location, technology, equipment and layout.
- **Organization –** it defines the organizational structure that best suits the characteristics of the hotel, including the human resources identification for the organization.
- **Implementation –** definition of the execution program for the project.
- **Economic and financial evaluation –** it evaluates the proposed business plan using the appropriate methodologies and valuation criteria.
- **Decision –** a final decision will be taken based on the viability of the project.

The information used in this business plan was collected through different sources, such as document analysis, observation, surveys and direct contact with the hotel chain *TDHotels*, which provided information about the exploitation of its hotels in Portugal (Annex 87).

6. External Analysis – PESTLE Analysis

The analysis of the general environment permits to identify the external constraints that have a direct or indirect impact on the business environment of the company and in its three sets of players: suppliers, customers and competitors that could lead to opportunities and threats. It should also be noted that any market player cannot control these constraints and, even being independents, any fluctuation on one of them will have an impact on the others (Grant, 2008).

Thus, in order to draw up this analysis we can categorize all constraints, forces and factors using the PESTEL Analysis that distinguishes Political, Economic, Socio-cultural, Technological, Environmental and Legal factors (Grant, 2008).

6.1.   Political – Legal Analysis

The analysis of the political and legal environment provides the legal and political framework that has impact in the Portuguese tourism industry in this country, having influence in the way the author will project the hotel and its activity (Grant, 2008). Therefore, it has to be taken into account the Tourism Policy and the Hospitality Law in Portugal, as well as, the tax policies of the country.

6.1.1. Tourism Policy and Hospitality Law in Portugal

The increasingly importance of tourism industry over the years brought the necessity of adopting guiding principles, rules and objectives for tourism in Portugal. The *Plano Estratégico Nacional do Turismo (PENT)* was firstly approved in 2007 by the *Resolução do Conselho de Ministros 53/2007* of April 4th, gaining legal importance in 2009, through the *Decreto-lei 191/2009* of August 17th, that established the political basis for a National Tourism Policy and it defined the tools and strategies for its execution.

Furthermore, the PENT established objectives and defined actions for the sustained growth of the Portuguese tourism industry, guiding the tourism activities in Portugal between 2006 and 2015. It resulted on the implementation of eleven projects across five strategic areas: territory, destinations and products; brand and markets; resources qualification; distribution and sales and innovation and knowledge. This plan had been revised and adapted, over the years, according to environment changes (Ministério da Economia e Inovação, 2007). As the PENT expires in 2015, it is going to be substituted in 2016 by a new plan – *TURISMO 2020* (Turismo de Portugal, 2014)– already announced by the Government and with the following main goals:

- Provide a strategic framework for the development of tourism in Portugal;
- Ensure the strategic and finance support for the development of tourism;

- Select and coordinate the new investments in tourism, in order to apply the EU funds in a more efficient and effective way;
- Promote the coordination between industry and territorial stakeholders;
- Strengthen network and collaborative platforms to develop synergies, valorizing the tourism economically.

Furthermore, the *Turismo 2020* defines in its vision that *"Portugal wants to be the European destination with higher tourism growth, supported on sustainability and competitiveness of a diversified, authentic and innovative tourism offer, consolidating tourism as a core activity for the economic development of the country and its territorial cohesion"* (Turismo de Portugal, 2014), defining projects based on the following strategic objectives: Attract; Compete; Enable; Communicate and Cooperate.

On the other hand, in order to support the national touristic activity several public incentive systems were created such as the QREN - *Quadro de Referência Estratégico Nacional* (2014-2020) and JESSICA – *Joint European Support for Sustainable Investment in City Areas,* actually in progress. It is also important to mention the program *PORTUGAL 2020*, that was established between Portugal and the European Commission and that provides funds to finance projects that are significant to the economic, social and territorial progress of Portugal between 2014 and 2020. Besides that, the Turismo de Portugal in partnership with financial institutions, created a support credit line in order to finance the creation and requalification of tourism projects.

Furthermore, Portugal has a National Touristic Authority – *Turismo de Portugal* – that is responsible for the support, value creation, promotion and sustainable growth of the touristic activity, aiming to contribute to the economic and social development of the country. Besides, there are other entities that also contribute to similar purpose, such as the Regional Tourism Entities, the Regional Agencies of Tourism Promotion, the Regional Directorates of Tourism in Madeira and Azores, and the Tourism Teams Abroad.

It is also important to take into account the local authorities were each project will be implemented, that define more specific polices for its region and it is responsible for the local legal urbanization and construction legislation, according to the *Decreto-Lei 39/2008* of March 7th and later republished by the *Decreto-Lei 228/2009* of September 14th and the *Decreto-Lei 15/2014* of January 23rd, which approved the legal regime of

the installation, exploration and operation of the tourism companies. It defines in its article 4 that tourism establishments may be developed as: hotels; holiday villages; tourism apartments; resorts; lodging accommodation; tourism establishments in rural areas; campsites and caravan sites; and nature tourism establishments. According to the article 11, hotels "are those tourism establishments designed to provide temporary accommodation and other ancillary support services, with or without meals, on a daily rental basis". On the other hand, there is a set of specific legislation that is applied to regulate the installation and opening of a hotel, as well as its management and operation.

Furthermore, there is a set of specific legislation that is applied to the installation and operation of hotels:

- *Portaria 327/2008* of April 28th, that complements the *-Lei 228/2009* of September 14th, establishing the specific requirements for the setting up, grading and operation of Hotels, Holiday villages and Tourism apartments;
- *Portaria 358/2006* of April 6th that establishes the mandatory equipment in different tourism companies;
- *Portaria 215/2011* of May 31st that establishes the specific requirements for the installation, exploration and operation of food and beverages establishments, including those it are in a Hotel;
- *Decreto-Lei 220/2008* of November 12th that establishes the legal status of fire safety in buildings;
- *Portaria 518/2008* of June 25th that draws up applications in respect of urbanization operations and construction legislation;
- *Portaria 896/2008* of August 18th, that approves the model, editing, price, supply and distribution of the complaints book;

Additionally, according to *Lei 73/2013* of September 3rd, that approved the new financial regime of municipalities, the different municipal councils in Portugal have the possibility to create specific municipal fees. This way, in order to finance part of the effort of the city to be and remain an attractive tourism destination, the Lisbon Municipal Council changed the General Regulation of Rates, Prices and other revenues of the Municipality of Lisbon, implementing a Tourist City Tax, through the Section VI

of the *Regulamento 569-A/2014* published in the *Diário da República*, number 251 (2nd Series) of December 30 (Câmara Municipal Lisboa, 2015).

This new tax has a double impact; on the tourists that visit Lisbon and also on the tourism companies. In 2015 the fee has been charged to each passenger who arrives by air or maritime via, being the fee of the air passengers supported (voluntarily) by *ANA-Aeroportos* the company that manages the national airports in order to minimize the impact on the passenger arrivals. From the 1st of January of 2016 it will be charged a city tax of 1 EUR per person over 13 years old and per overnight stay in tourism and local accommodation establishments, up to a total of seven nights per person. This amount should be added to the total amount to be paid for the stay and should be collected and delivered to the municipal authority by the tourism companies.

6.1.2. Portuguese Tax and Social Security Policy

The tax system in Portugal is administered by the Portuguese Tax Authority (*Direção-Geral dos Impostos*), being responsible for a number of general taxes that must be paid by residents and in some case by non-residents of Portugal, being individuals or companies the main taxes are:

- **Personal Income Tax** *(Imposto sobre o Rendimento das Pessoas Singulares – IRS)* – it is a tax applied on all income received by a resident in Portugal, such as salaries, capital gains and real estate income. According to the Portuguese Personal Income Tax Code *(Código do Imposto sobre o Rendimento das Pessoas Singulares – CIRS)*, the tax rates for the personal income are progressive ranging from 11.5% up to 46.5%. On the other hand, there is a mandatory social security charge over the salary of each employee that must be paid, both by the employer (23.75%) and by the employee (11%) (Autoridade Tributária e Aduaneira, 2015);

- **Corporate Tax** *(Imposto sobre o Rendimento das Pessoas Colectivas - IRC)* – it is a tax levied on company earned income, even from unlawful acts, being regulated by the Corporate Tax Code (Código do Imposto sobre o Rendimento das Pessoas Colectivas – CIRC). For 2015 the standard corporate income rate is from 21%, to which may be added a municipal tax *("derrama municipal")* up to 1.5% levied on taxable profits (depending on the municipality of the activities), as well as a state additional tax ("*derrama estatal*") of 3% on taxable profits exceeding

1,500 thousand Euros, 5% on taxable profits exceeding 7,500 thousand Euros and 7% on taxable profits exceeding 35,000 thousand Euros (Autoridade Tributária e Aduaneira, 2015);

- **Value Added Tax – VAT** *(Imposto sobre o valor acrescentado - IVA)* **–** tax that is added to the price of a purchase of a product or service. It is charged to every buyer, independently of being residents or non-residents, existing three levels of VAT for mainland Portugal, Madeira and Azores due for different goods and services: general VAT (23% in mainland Portugal; 22% in Madeira and 16% in Azores); Intermediate VAT (13% in Mainland Portugal; 12% in Madeira and 9% in Azores) and reduced VAT (6% in Mainland Portugal; 5% in Madeira and 4% in Azores) that can be consulted in the Value added Tax Code *(Código do Imposto sobre o Valor Acrescentado – CIVA)*. According to the number 2.17 of the *List I – Bens e Serviços Sujeitos a Taxa Reduzida* of this code, the service of accommodation in hospitality establishments is taxed with the reduced tax, being applied on the price of accommodation with breakfast, if they are invoiced together. For the full board it is applied the reduced tax to 50% of the price, and 75% for the half board, the rest is taxed at the general tax, as well as all the other food and beverage services (Autoridade Tributária e Aduaneira, 2015);

- **Local Property Taxes** *(Imposto Municipal sobre Imóveis – IMI)* **–** it is a local tax that the owner of a residential property must pay yearly. This tax is raised and spent by the local municipality and its amount is between 0.3% and 0.5%. Moreover, the tourism companies are exempt for a period of seven years, as we can observe in the Local Property Tax Code *(Código do Imposto Municipal sobre Imóveis – CIMI)* (Autoridade Tributária e Aduaneira, 2015);

These tax codes can be found on the website of the Tax Authority and Customs (Autoridade Tributária e Aduaneira, 2015).

6.2. Economic Analysis

The analysis of the economic environment allows us to understand the current status of the population relative to their purchasing power, as well as information about threats and opportunities driven by the economic environment (Grant, 2008). Therefore, it is important to analyze the following indicators: Gross Domestic Product (GDP); Inflation

Rate; Balance of Payments; Unemployment Rate; Interest Rate; Exchange Rate and Gross National Income per capita.

According to data released by the Tourism of Portugal in 2014 56% of the guests who use the tourism facilities in Portugal are foreigners (Annex 3 and 4), so it is necessary take into account the economic context of the main countries where they come from. In the Lisbon area, the more relevant nationalities of the inbound tourists are: United Kingdom, Germany, Spain, France and Brazil (Annex 5 and 6).

6.2.1. GDP and GDP per capita

The Gross Domestic Product (GDP) is the indicator most used to measure the economic strength of a country. It includes the private and public consumption, government spending, investments and exports less imports that occur within a defined territory in a specific time period. On the other hand, GDP per capita translates the average wealth generated by each inhabitant of a country and is commonly used to evaluate the life standards of the country adjusted by the population size (Hoover, 2012).

According to the Banco de Portugal, since 2010 the Portuguese GDP growth rate has been negative, reaching the lower level in 2012 (-4%). In 2013, despite of negative, the GDP recovered (-1.6%) and in 2014, Portugal already presented an economic growth (0.9%), supported by a more dynamic domestic demand, including public consumption through an increase in the disposable income and in exports (Annex 7). After this gradual recovery the projections for the Portuguese economy between 2015 and 2017 are positive according to Banco de Portugal, predicting a growth of 1.7% in 2015, 1.9% in 2016 and 2.0% in 2017.

In terms of GDP per capita, Portugal presents a similar evolution than the previous indicator, increasing since 2013. However, it stills below the values of 2008 (Annex 8).

Analyzing the European principal countries where tourists are from, there was also a decrease in the GDP growth rate until 2010, with most of the countries recovering in 2013. According to Eurostat, in 2014 the real GDP growth rate was 2.6% in United Kingdom, 0.2% in France, 1.4% in Spain and 1.6% in Germany and the predictions for 2015 and 2016 are favorable for these studied countries (Annex 7). Relative to GDP per capita, Spain and France presented an evolution similar to the one observed in Portugal,

recovering since 2013. On the other hand, Germany and UK also presented decreases in 2009, but they recovered in 2014 to values higher than in 2008 (Annex 8).

According with The World Bank, in Brazil the GDP practically increased over the years until 2010, since then this indicator has declined, being expected a recovery in 2016 (+0.7%) by the IMF (Annex 7). The GDP per capita followed the same trend, presenting 11,613 USD per habitant in 2014, which is 2.4 times higher than the value of 2005 (Annex 8).

6.2.2. Gross National Disposable Income per Capita (PPP)

The Gross National Disposable Income per Capita indicates the income that a person has available to use in consumption or in savings in a determined country and time, assuming the incomes are distributed equitably (Hoover, 2012).

Regarding the studied countries, Germany, France and United Kingdom presented the highest Purchasing Power Parity (PPP) values, despite the decreasing in 2009: 46,840 USD; 39,720 USD and 38,370 USD, respectively, in 2014. On the other hand, Brazil and Portugal presented the smallest PPP values. In these two countries the Gross National Disposable Income per Capita increased gradually since 2005, with Brazil to present a PPP of 15,900 USD in 2014 that is 1.5 times higher than the value of the former year, whereas Portugal presented a PPP of 28,010 USD (Annex 9).

Thus, it can be observed that the Gross National Disposable Income per Capita presents a similar evolution in the studied countries, increasing since 2010. Consequently, the increase in the families' purchasing power enables an increasing proportion of the income to be applied in the consumption of goods and services that are not considered as essentials, such as products or services for leisure.

6.2.3. Balance of Payments (BOP)

The Balance of Payments presents the economy's transactions of the country with the rest of the world for a specified time period. This balance can be disaggregated three balances: Current Account, Capital Account and Financial Account (Hoover, 2012).

The Portuguese Current Account presents a favorable evolution since 2010, reaching a positive value in 2013 (2,953 million Euros) and in 2014 (1.982 million Euros). This positive trend received a vital contribution from the tourism and travel balance, as it has been increasing since 2009, reaching the 7,076 million Euros in 2014 (Annex 10).

Furthermore, considering the countries under analysis, just the United Kingdom, France and Brazil present current account deficit in 2014, despite the improvement in the French balance. On the other hand, Germany has presented current account surplus, increasing since 2010 (Annex 11).

6.2.4. Inflation

Prices in Portugal have exhibited a small annual increase, with two exceptions: 2009 and 2014 (Annex 12). According to *INE – Instituto Nacional de Estatística,* in the former the inflation rate registered a negative value of 0.9%, driven by the crisis that lowered the demand. In the latter the inflation rate registered a negative value of 0.28%, influenced by the declining of oil prices and of unprocessed food. *Banco de Portugal* estimates a moderate growth in the inflation rates, predicting a rate of 0.8% in 2015 and 1.1% in 2016 and 2017.

Considering the countries under analysis, only Brazil presented a growth in the inflation rate in 2014 (6.3%), on the others the rates declined as in Portugal. Spain also presented a negative rate (-0.3%), leaving the inflation rate at 0.1% in France, 0.3% in Germany and 2.2% in United Kingdom (Annex 12). The European Central Bank (ECB) estimates the maintenance of the prices in euro zone in 2015, influenced by the impact of the decrease in oil price, predicting a moderate increase in the next two years.

6.2.5. Exchange Rate

In spite of majority of countries of this study using Euro (EUR) as their currency it is necessary to analyze e the evolution of the exchange rate of the EUR against British Pound (GBP), and Brazilian Real (BRL), because the importance of Brazil and the United Kingdom in the tourist flows. Additionally, it is also important to analyze the exchange rate between U.S. dollar (USD) and EUR, not only because of the relevance

of the currency as the leading international reference for price establishment, but also because the increasing number of Portugal's visitors from United States (Annex 5).

When it comes to the evolution of these exchange rates, there were observed some oscillations mainly due the economical conjuncture and oil crisis, with the EUR to devaluate against GBP since 2013 (Annex 13) and against USD since 2014 (Annex 14), making Portugal a more appealing and inexpensive destination for the visitors that came from the countries of these currencies. On the contrary, despite the oscillations, the EUR value has increased against the BRL along the studied years (Annex 15).

6.2.6. Interest Rate

Relative to the reference interest rates by the European Central Bank, they decrease since 2008, being settled near to zero the fixed rate for main refinancing operations in 2014 (0.05%) and negative for deposit facilities (-0.20%) by the Governing Council (Annex 16). Analyzing the Euribor index since November 1st of 2013 the European Banking Federation (EBF) calculates and publishes this index for 8 maturities, form one week to 12 months. On these maturities the indexes evolved similarly, since 2008 there has been a sharp decrease in their values, interrupted by a slight increase during 2011 and 2012. 2015 presents the lower Euribor indexes, benefiting the population's purchasing power (Annex 17).

6.2.7. Unemployment

The unemployment rate in Portugal increased steadily between 2008 and 2013, reaching a rate of 16.2% in 2013 (Annex 18), which was due, initially, to the financial crisis irrupted at the end of 2007 and later, to the sovereign debt crises that forced the intervention, in Portugal of the IMF, European Union and European Central Bank, to implement an assistance finance program that demanded very hard measures causing a severe economic recession. In 2014, the unemployment rate decreased to 13.9% and the forecasts by the IMF points to a further decline in 2015, predicting a rate of 13.5%.

Regarding the remaining studied countries, France and Spain also have seen an increase in the unemployment rates between 2008 and 2013, with particular relevance to second that had the highest rates comparing with the other countries, despite the decrease in

2014. In the UK, the unemployment rate increased between 2008 and 2011, decreasing slowly since then. Finally, Germany and Brazil also suffered the financial crisis impact, with the increasing of unemployment in 2009. However, since then, the unemployment rate is decreasing in both countries, having the smallest rates of the studied countries (Annex 18).

6.3.   Social and Demographic Analysis

The analysis of the social environment identifies the physical characteristics of a society in a given space and time such as their values, traditions and expectations. Any change in these indicators can have positive or negative impacts on the market, influencing the performance of the hotel (Grant, 2008).

6.3.1. Evolution of the population

In terms of evolution of the population, Portugal presented positive growth rates for several years. However, since 2010 this rate has been negative and its value increased until the present year (Annex 20). In 2014, the Portugal had 10,427,301 inhabitants on January 1st, corresponding to a decrease of 0.6% when compared to the previous year, noting a decline in both the natural balance (-22.4 thousands of individuals), mainly influenced by the decrease in crude birth rate (Annex 21), as well by the migratory balance (-30.1 thousand of individuals). In 2015, the Portuguese population may have decreased again in 0.5%, to 10,374,822 inhabitants (Annex 19).

Regarding to the other studied countries, Spain presented positive growth rates of population until 2013, presenting negative rates since then. By contrast, in Germany the growth rate was negative until 2013 and positive since then. France, United Kingdom and Brazil have presented an almost constant growth over the years whereas in Spain shows a similar trend of Portugal (Annexes 19 and 20).

6.3.2. Distribution of Population

According to the population pyramid graph, Portugal shows a future trend towards an aging population (Annex 26). Consequently, it is predicted that the relative weight of

the older population will keep growing as a result of the increased longevity (Annexes 22 and 23), as well as the decreased fertility (Annex 21), influenced by the reducing of the size of families (Annex 24) and the postponement of the decision to have children (Annex 25). Finally, when it comes to the regarding studied countries they also present a similar aging trend, with the exception of Brazil (Annex 26).

6.3.3. Household Final Consumption Expenditure

The household final consumption expenditures in Portugal and Spain grew between 2005 and 2008, and decreased during the period 2009/2013 due to already mentioned unfavorable economic situation. In 2014 the consumption recovered reaching the value of 122,816 million of USD in Portugal and 653,680 million USD in Spain. On the other hand, only Germany and Brazil have increased this indicator between 2005 and 2013. All analyzed countries presented increases in this indicator in 2014 (Annex 27).

In a more detailed analysis, and regarding the proportion of consumption expenditure allocated to restaurants and hotels it followed the decreasing trend in the total consumption expenditure of households, with exception of France and Germany (Annex 28). Moreover, during the last year, the percentage of consumption expenditure regarding restaurants and hotels in the total consumption expenditure of households has been around 10% in Portugal and United Kingdom, 5% in Germany, 15% in Spain, and 6% in France (Annex 28).

6.3.4. Lifestyles Evolution – Motivation for travelling

According with the Deloitte's report prepared in 2010 for the *Associação de Turismo de Lisboa (Tourism Association of Lisbon) – "Associação de Turismo de Lisboa – Plano Estratégico 2011-2014"* – lifestyles have changed and still changing influencing the tourism activity. The motivations for travelling or even for enjoying the free time are significantly associated to such changes and influence the evolution of touristic demand. Even though it depends on the cultural, economic and social environment, the satisfaction of a pleasure or a particular experience has become, increasingly, a main reason for travelling.

Furthermore, the same report highlighted the follow lifestyle changes with impact in tourism (Deloitte Consultores, 2010):

- Trend to enjoy free-time to travel and to combine business travels with leisure, increasing the practice of tourism activities;

- Increased levels of education, training and information, that helps to extend new horizons, increases the interest in certain types of activities and new territories as well as impacts on new needs and motivations;

- Improving accessibility, contributing gradually for faster, cheaper and more convenient movements, increasing the number of short trips and potentiating the concepts of *city break* and *internal tourism*;

- Generalization of the urban lifestyle whose homogenization leads to a saturation of lifestyles and, consequently, there is a growing need to escape towards different spaces that can offer alternatives to the ones that the urban areas typically offer;

Increasing of the concern with well-being and health that influences the emergence of targeted tourism activities, being focused in specific customer needs or desired experience, such as: health and well-being; golf; parties and nigh life; gaming, etc.

6.4. Technological Analysis

The technology has been advancing steadily in almost all science fields, being the variable that changes more quickly and may change the structure and the business model of the organization. In fact, technological factors can give competitive advantages to the company, as well as, reduction of operational costs, improvement and innovation of the offered products or services, benefiting costumers and the environment.

Regarding the technological equipment required for a four star hotel it is crucial to take into account some tools existing on the market that permit to improve processes and to reduce consumption of resources such as energy, water and materials used to keep the hotel running, leading to a reduction of costs while minimizing the environmental impact.

Furthermore, it is significant to consider that technology has also an impact in the hotel construction and restoration. In fact, the progressive changes in this industry have

decreased the time and costs of construction and improved the design and the construction process of hotels, focusing on the client needs and on environmental sustainability.

Finally, according to the report it is crucial to note the importance of the internet and the new information and communication technologies on hotel industry, being a huge tool for communication and promotion as well as they allows the tourist to be more informed and participative, since they have the opportunity to compare the services/products and prices of the different offers easily and book and pay them at the same time (Turismo de Portugal, 2014). Portugal is responding quickly and innovatively to these new trends, being very competitive, as demonstrated in The Global Competitiveness Report 2014-2015, of the World Economic Forum, where Portugal is the eleventh in the Technological Adoption of New Technologies ranking worldwide.

6.5.   Environmental Analysis

The environmental is related but not limited to environmental issues (climate changes, weather and geographical location, etc.) as there are others external factors that may influence the nature of the industry, such as: management style; concern of customers, investors and other stakeholders and environmental regulations.

According to the report of *Turismo de Portugal – Turismo 2020 - Plano de Ação para o Desenvolvimento do Turismo de Portugal 2014-2020 –*, climate changes have impacted on tourism activities. For instance, they are changing the tourist flows, increasing the demand for the low season. On the other hand, populations are increasingly concerned with these issues; adopting and valuing good environmental and sustainable practices, such as: recycling; the use of more efficient energy mechanisms and systems and search for natural and biological products. This environmental framework has an increased importance in the customer purchase decision, so the tourism industry needs to adapt their practices and management strategies to the environmental issues (Turismo de Portugal, 2014).

Furthermore, over the years the governments and international organizations have defined environmental regulatory standards and certification, and the national tourism authorities have increased the monitoring of the environmental practices of tourism companies.

Finally, according to the report *Desempenho Ambiental do Alojamento em Portugal 2013 (Environmental Performance of Accommodation in Portugal 2013)* published by *Turismo de Portugal*, the Portuguese tourism companies have been change their practices and strategies, implementing more environmental sustainable practices.

7. Hospitality Industry in Portugal

For a project to be successful, it is important to characterize and analyze the entire industry in which it is encompassed, in order to forecasting its profitability in the future, as well as to identify trends and opportunities that can have impact on the business plan and helps us to define strategies (Grant, 2008).

Therefore, and given that this business plan is based on the development of a hotel, we need to analyze the Hospitality industry, an industry that includes Hotels, Aparthotels and Inns and Holiday Villages and Guesthouses, according with the *Decreto-Lei 39/2008* of 7 March. However, it is also essential to look on broader basis to the Tourism industry.

Regarding accommodation, in Portugal had 2,048 hospitality establishments in 2014 being the majority classified as hotel establishments (55%), which reflects a global accommodation capacity of 309,195 beds (Annex 29). On the other hand, considering the hotel establishments by categories, the three and four star establishments are the national majority, accounting for 32% and 31%, respectively. Furthermore, analyzing the distribution of the hotel establishments across the country, the northern region presents the greatest number of establishments (22%), followed by the central region (21%), the Algarve (21%) and Lisbon (17%) (Annex 30).

Taking into account the demand, the number of tourists in Portugal has been increasing steadily over the years, as we can observe through the increasing number of guests and overnight stays in tourism accommodations in Portugal, a trend that will likely continue in 2015 and 2016 according to *Turismo de Portugal*. Relatively to the number of guests in accommodation establishments, it has increased in Portugal since 2010 reaching the 16,092 thousand of guests in 2014, being 42% residents and 58% foreigners (Annex 3). The number of foreigner guests registered a favorable increase of 12% in 2014, being the majority of them from Spain (15%), United Kingdom (17%), Germany (11%),

France (11%) and Brazil (1%) (Annex 3). On the other hand, the number of domestic guests increased 0.1% in 2014 when compared with 2013.

Furthermore, the overnight stays in Portugal also increased in 2014, registering 46,149 thousands of overnight stays that reflects an increase of 11% in the external market and of 13% in the domestic market (Annex 4). Foreigner guests represent 70% of the total overnight stays registered in 2014, mainly from United Kingdom, Germany, Spain, France and Brazil (Annex 4). On the other hand, regarding the geographical distribution (by NUTS II region), Algarve (36%), Lisbon (25%) and Madeira (14%) registered the largest volume of overnight stays, being Lisbon the region that grew more (Annex 31). Furthermore, the number of days of the average stay in hotels and similar establishments in Portugal is around 2.9 days since 2012, 2 days for national guests and 3.5 days for external guests (Annex 32).

Additionally, in order to understand the evolution of the Hospitality industry it is central to analyze some relevant indicators of the occupation and revenues of the accommodation establishments. Analyzing the bed occupation rate, there was a slight increase of 5% compared to the previous year, reaching 46% in 2014 (Annex 33). In terms of NUTS II regions, Madeira (63%), Lisbon (54%) and Algarve (46%) presented the highest rates in Portugal (Annex 34).

Total income reached 2,204 million Euros in 2014 (71% of lodging income and 29% of other services), an increase of 247 million Euros compared to the previous year (Annex 35). The regions that contributed more were Algarve (32%), Lisbon (31%) and Madeira (13%) (Annex 36). In addition, the five and four star Hotels reached the highest values, 586 and 689 million Euros, respectively (Annex 35). On the other hand, the Revenue per Available Room (RevPar) exhibited a slight increase of 2.9 Euros in 2014 when compared to 2013, reaching 33.1 Euros, with the five and four stars presenting, as expected, the best indicators: 65 and 37 Euros, respectively (Annex 37). The regions of Lisbon (48.4 Euros), Madeira (37.1 Euros) and Algarve (35.4 Euros) presented one more time the high values of the country (Annex 38).

In summary, we can see that the hospitality activity presented positive results in the last years, showing a growth trend for the future, according to *Turismo de Portugal*. This fact is associated with the increase of the number of tourists in Portugal, but also with

the dynamism of hospitality industry, that is evidenced by the closing and opening of accommodation establishments.

8. Accommodation Industry in Lisbon

Given that this business plan is based on the development of a hotel in Lisbon, it is essential to consider not only the global context in which it occurs, but also the supply that is available to the market segment we want to achieve and the evolution of its demand, emphasizing the hotel establishments with similar characteristics and services similar to the business concept to be developed: three-star hotels.

8.1. Demand

It is crucial to analyze the number of guests and overnight stays in Lisbon (quantitative analysis), but also the characteristics and behavior of the customers (qualitative analysis), focusing in the actual demand but also in future demand.

8.1.1. Quantitative Analysis

Firstly, considering the airport movements registered in 2014, the Lisbon' airport registered the largest flow of tourists than other airports in Portugal, presenting a total of 9.085 thousands of passengers (1.093 thousands passengers more than 2013) (Annex 39). Relatively to the demand for hotels and similar establishments, Lisbon is the Portuguese region that received more guests in 2014 (4,899 thousands of individuals), increasing in the last years and being the majority foreigners (68%), principally from Spain (14%), France (12%), Brazil (10%), Germany (8%) and United Kingdom (7%) (Annex 5).

Regarding the overnight stays in Lisbon, there was a slight increase of 15% in the global number in 2014 comparatively to 2013. Consequently, from the 11,545 thousands overnight stays registered, 76% were form the external market, whit special relevance to guests from the United Kingdom, Germany, Spain, France and Brazil (Annex 6).

Given the typology of accommodation companies, the hotels have verified the highest numbers of overnight stays in the Metropolitan Area of Lisbon in the last years, as well as the most favorable evolution, representing 86% of the total of 2014 (11,527 thousands of overnight stays). Furthermore, three and four star hotels are the favorite to stay in Lisbon by guests, representing 19% and 41% of the total of overnight stays (Annex 40).

When it comes to the room occupation rate in the Metropolitan Area of Lisbon, it has increased in the last years, achieving 53.4% in 2014 (Annex 41). However, through this indicator we can observe that Lisbon is also a seasonable destine, with the room occupation rate being higher between May and October than in the other months due the holiday season and the conferences that has place in Lisbon.

On the other hand, the number of days of average stay in Lisbon is around 2.1 days, being on average 1.8 days for national guests and 2.5 days for external guests (Annex 42). It is also important to note that this indicator varies monthly according to the season, being another indicator of seasonality.

According to the main goals and the predictions defined in the *Plano Estratégico para o Turismo na Região de Lisboa 2015-2019*, published by *Roland Berger* and *Turismo de Lisboa* in 2014, Lisbon should receive 10 million foreigner tourists in 2019, with the number of overnight stays growing at a Compound Annual Growth Rate of 5% until 2019. Besides this, it is predicted an equal growth rate for the global revenues of tourism activities in Lisbon, achieving the 800 million euros in 2019 (Roland Berger Strategy Consultants, 2014).

8.1.2. Qualitative Analysis

After analyzing the numbers of demand in Lisbon, it is necessary to study the motivation and behavior of its clients. According to the *Survey to the Purpose of Trip 2014 – City of Lisbon* by *the Observatório de Turismo de Lisboa* (Observatório do Turismo de Lisboa, 2015), the majority of the guests travelled to Lisbon in holidays, leisure or pleasure (56%), followed by professional reasons (27%). In terms, of foreigner guests, 64% of them visit Lisbon for the former reason and 24% for the second one. On the other hand, 34% of the interviewed national guests visited Lisbon in

holidays, leisure or pleasure and 35% of them came to Lisbon for professional reasons (Annex 48 – 1).

Segmenting the motives we can observe that city breaks represent the most common motive to visit Lisbon either by foreigner or national guests, with 40% of the total, followed by MICE (17%) and particular business (9%). On the other hand, visiting family and friends represents 12%, being more mentioned by national guests whereas touring Portugal represents 10%, being more mentioned by foreigner guests (Annex 48 – 1). Additionally, we can observe that the interviewed visitors stay on average 4.98 nights in Lisbon and travel with 1.7 persons, being these indicators higher for holidays, leisure or pleasure visits than for professional or business visits (Annex 48 – 9).

According to the same study, in general, most of the Lisbon' guests organize their travels by themselves (61%), with just 23% using travel agents and other 13% mentioned that are their companies how organize their travels, influenced by those who travelled by professional reasons (Annex 48 – 6). On the other hand, relatively to the use of internet, 37% of the guests used it to book accommodation, 33% used to book flights, and 20% used in order to obtain travel information, being an important tool to the tourist, essentially for those who travelled in holidays, leisure or pleasure (Annex 48 – 7). Regarding the preferred mean of transportation to Lisbon, air travel is, by far, the more used option (Annex 48 – 8). In terms of the dislocations within Lisbon, the majority of the tourists tend to walk around the city, using the metro and public bus as the most common means of transportation.

Analyzing the consumption of the interviewed visitors of Lisbon we can observe that the average individual spending per stay without transportation (812 Euros) increased 20.8% in 2014 when compared with 2013, influenced by the growth on the Leisure segment (823 Euros – more 19% than in 2013) and on the Business segment (804 Euros – more 25% than in 2013). On the other hand, analyzing the individual diary expenses, the Lisbon' guests spent on average more 22 Euros per day in 2014 than in 2013, being those who travel in Business the more spenders, on average 159 Euros per day, without counting with transportation, while those who travelled in Holidays, Leisure and Pleasure spent on average 130 Euros in 2014. In terms of transportation the visitors spent more money in 2014 than in 2013. Finally, it is significant to note that foreigner guests spent more money in Lisbon than national guests (Annex 48 – 11).

8.2.   Supply

It reflects the number of hotel and similar establishments which are available in the Metropolitan Area of Lisbon, totalizing 339 accommodation establishments with 28,603 rooms and 60.007 beds in 2014. Hotels are the most common institutions, representing 66% of the accommodation establishments (Annex 43). It is also essential to note that the evolution has been positive in the past years, with an average net increase of more 5 new establishments every year since 2010.

Focusing on Hotels in the city of Lisbon we can verify that they have exhibited steady growth since 2010, on average with more 16 hotels every year. In 2014 Lisbon had more 61 hotels, representing more 4,057 rooms and 7,599 beds, than in 2010. The typologies that grew more were the one and two star hotels and the four star hotels, with more 20 and 22 hotels, respectively, in 2014 when compared with 2010. However, in terms of capacity, the four and five stars were the ones that increased more in number of rooms and beds. The three (26%) and four (39%) star hotels remain the majority in Lisbon, representing 65% of the total of establishments. On the other hand, it is also important to note that the average capacity of the hotels is different depending on their type. Thus, in terms of capacity the four star hotels remain the majority and the five star hotels have the second higher number of rooms and bed, overtaking that position from the three-star hotels in 2013 (Annex 43).

Looking ahead, according to *Turismo de Lisboa* there are 16 new hotels with scheduled opening between 2015 and 2017 and another 7 projects not yet under construction nor with as the city of Lisbon, being the majority four and five star (Annex 44).

Considering only to the hotels of the city of Lisbon and not to the entire region, we can verify that room occupation rate has increased in the last years, with preference for three and four star hotels. The room occupation rates of them are the biggest: 76% for the three-star hotels and 77% for the four-star hotels in 2014 (Annex 45). However, it is essential to note that the capacities of the hotels are different according to their type, and therefore a higher occupation rate does not imply a higher number of guests in a specific hotel.

Regarding to seasonality of the industry, Lisbon is the Portuguese city where the occupation rates of hotels are more stabilized during the year, presenting an occupation

rate higher than 60% between March and November of 2014 (high season). Besides that, the room occupation rate of each month is ever higher than 40%. (Graph 1):
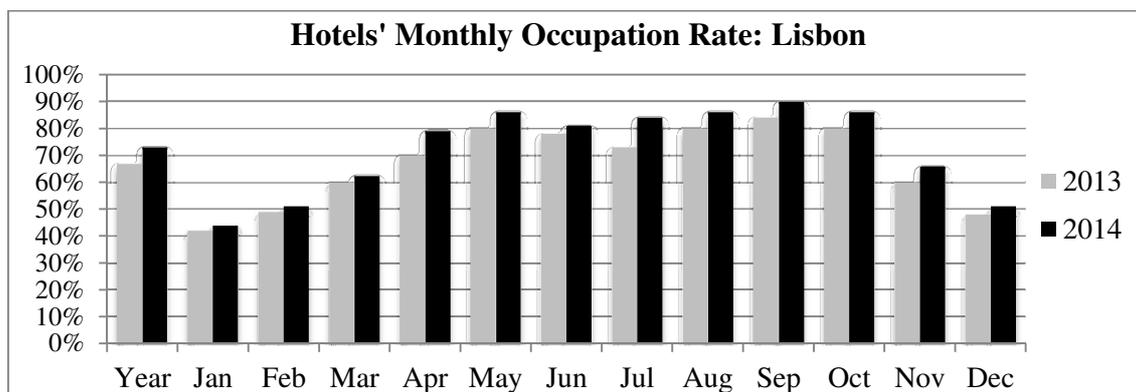
Graph 1: Hotels' Monthly Occupation Rate: Lisbon

Source: *Observatório Turismo de Lisboa – Informação Hotelaria (INFOGEST)*

In terms of the revenues earned by hotels we can observe that the average revenue per occupied room (RevPOR) and the revenue per available room (RevPAR) have increased in the last years in all types of hotels. In 2014, the three-star hotels presented a RevPOR of 54.01 Euros (+7.2%) and a RevPAR of 41.32 Euros (+14.0%) whereas the four star hotels presents 65.91 (+5.3%) and 50.75 Euros (+14.5%), respectively (Annex 46). Both the revenue per available room and the average revenue per occupied room are not constants during the year, changing monthly.

Finally, the evolution of global revenues resulting from the hotel business in the Capital of Portugal in the last five years has been positive, despite the slightly decrease verified in 2014 (Annex 47). In 2014, the incomes totalized 639,802 thousand Euros.

8.3.   Relationship between Supply and Demand

When it comes to evaluating to what extent the offer fits the demand in Lisbon, the average occupation rate by room in 2014 was 72.8%, with hotels presenting the highest rates (Annex 45). Thus, it can be observed that the level of supply in Lisbon is well above the level of demand, making the hospitality industry not too much attractive, which is also due to the fact that it is in the maturity stage in the product life cycle.

However, the evolution in the number of the overnight stays and guests in Lisbon has registered a positive trend in the last years, growing 15% and 13%, respectively, in 2014 when compared with 2013, which in turn shows that the demand in the studied region

has increased, contributing positively for the industry dynamism (Annexes 5 and 6). On the other hand, according to the *Observatório do Turismo de Lisboa*, there are 16 new hotel units planned to be opened between 2015 and 2017, resulting in the increase of the hotel supply (Annex 44).

It should also be noted that companies in the sector opt to exploit existing demand, competing with each other in order to obtain a larger share of the market. However, as the supply increases, earning and growth prospects of each company decreases. Therefore, success in this industry tends to emphasize the relevance of a strategy of leadership in costs, since the products and services are less differentiated and there is little loyalty of the customers, being the price very important in the purchasing decision.

9. Competition

The analysis of competition plays an important role in the development of a business plan. Considering the different levels of competition, it is crucial to identify the competitors which present the same characteristics as the proposed hotel of this project. Four variables are more relevant: location, number of stars, services and price range of double/twin rooms.

Thus, the accommodation establishments that resemble the proposed project present a classification of two or three-stars, since there are few differentiating factors between them in terms of characteristics (Annexes 49 and 50) and provided services (Annexes 53 and 54), as well as the average prices charged by them are not much different, standing between 45 and 100 Euros (Annexes 51 and 52). Furthermore, in the segment of city hotels in which the project is inserted, it is crucial to ensure an easy and convenient access to several areas of interest in the city center of Lisbon, being the location an important factor to take into account. It was considered as competitors the hotels of two or three-stars that have a distance up to approximately 400 meters from a subway station situated in the central zone (Zone L), where it can also be found several bus stops, facilitating the access to different parts of the city (Annex 55).

In order to extend the competition analysis it is central to define and compare the most relevant differentiating factors for the industry by situating the various competitors in the competition matrix.

Taking into account the attributes that the Lisbon's customer normally values while choosing a hotel, it was selected the following factors:

- **Price –** the price has a key weight in the segment of two or three-star hotels, being a strong differentiating factor, since the lower the differences in the provided product or service the higher the use of the price as basis of comparison by the customers. On the other hand, the clients of these hotel categories are price sensitive, since their primary concern is to get an attractive price for their accommodation and not to get a personalized service.

- **Location –** In conjunction with the price, the localization is another key factor that influences the decision of the customers that search for a city hotel, near to the touristic and business areas. The customers search for a stay in the city center and close to the maximum means of transport possible in order to move easily, quickly and cheaply.

- **Notoriety –** The reputation of a hotel chain is always an aspect to take into account. In fact, the recognition of a hotel in the market is taken by the customer as a reliable element in his/her choice, influencing the decision making.

This way, the closest competitors are those that have exactly the same characteristics of the project to be developed: three or two star hotels, with an average price between 65 and 95 Euros and located at *Marquês de Pombal*, *Avenida da Liberdade* or *Restauradores* and less than 400 meters from a subway station (direct competition). On the other hand, it is important to consider those competitors which meet at least two of the defined variables (second tier competitors):

Direct Competition:	Second Tier Competition:
• Amazónia Lisboa Hotel	• Hotel Nazareth
• Ever Lisboa City Center Hotel	• My Story Hotel Ouro
• Hotel Avenida Park	• Brown's Downtown Hotel
• Hotel Dom Carlos Liberty	• Hotel Ibis Saldanha
• Hotel Dom Carlos Park	• Hotel Ibis Lisboa José Malhoa
• Hotel Eduardo VII	• Hotel Sete Colinas
• Hotel Excelsior	• America Diamond's Hotel
• Hotel Expo Astoria	• Hotel Alif Campo Pequeno
• Hotel Fenix Garden	• Hotel Borges Chiado
• Hotel Fenix Music	• Hotel Duas Nações
• Hotel Gat Rossio	• Hotel Itália
• Hotel Holiday Inn Express Lisboa - Av. Liberdade	• Hotel Vip Executive Zurique
• Hotel Ibis Lisboa Liberdade	• Hotel Vip Executive Berna
• Hotel Lisboa Tejo	• Hotel Principe Lisboa
• Hotel Metrópole	• Hotel Reno Hotel
• Hotel Miraparque	• Hotel Príncipe Lisboa
• My Story Hotel Rossio	• Sana Capitol Hotel
• Rossio Garden Hotel	• Sana Executive Hotel
• Sana Rex Hotel	• Sana Reno Hotel
• Turim Suisso Atlântico Hotel	• The 7 Hotel

Table 1 - Competition

10. Porter's Five Forces Analysis

The Five Forces Model developed by Michael Porter is a framework that studies the attractiveness of an industry, determining the intensity of its competition and the level of profitability through the joint of five forces: threat of new competition, threat of substitutes, competition rivalry, bargaining power of suppliers and bargaining power of buyers (Grant, 2008).

10.1. Bargaining Power of the Buyers

The customers may affect the attractiveness of an industry, influencing the terms under which the products or services are purchased through their requirements and needs, such as: purchase price; payment policies; quality of products or services, added value, etc. As a result, the profitability of the business will be lower the higher the bargaining power of the clients (Porter, 2008).

Adapting the analysis to the business plan, we can observe that there are three types of clients that can purchase the hotel services in Lisbon: individual clients, tourism groups and companies. Concerning to the individual clients, they can choice a hotel over another, since there are many alternatives in this industry and it is easier to compare quality and prices of the offered services of a hotel before choosing them, through the easy access to information and sharing of opinions on the internet and social media.

Regarding companies, they request specific tourism companies and ask for specific features for the accommodation of their employees, partners and guests. This way, if their requirements are not fulfilled, there is a risk of losing a large number of guests to other competitors, since business travelers have a large importance on the hospitality industry in Lisbon.

Relatively to tourism groups, a proposal to stay in a hotel will represent a high margin on its sales. Thus, it is crucial to adapt the service of the hotel in order to satisfy their needs and requirements. Furthermore, it is easy for them to choose other alternatives such as booking another hotel or renting an apartment in Lisbon.

On the other hand, it is also central to analyze the travel agencies, which act as a client, booking and paying the accommodation that they include in their touristic packages. These have a strong bargaining power in the hotel industry, since they are strongly informed and are aware of the prices charged by the tourism companies.

Independently of the type of client, they are more informed about this industry and market through the easy access to data and opinions of other people, particularly on the internet, that it is also an increasingly tool used to book a hotel. Moreover, since the hotel services are poorly differentiated, price has been more relevant in the customer purchasing decisions. Lastly, the supply is higher than the demand, giving more power to customers to influence the industry. This way, we can observe that the bargaining power of the buyers in this industry is high.

10.2. Bargaining Power of the Suppliers

It measures the ability of suppliers to influence the terms under which the products or services are sold to the industry. Thus, the higher their bargaining power the higher their impact and influence on the business and on its policies (Porter, 2008).

In terms of products associated to the exploration of the hotel (maintenance and operation of rooms, breakfast, cleaning, among others) the offer is broadened, being important to ensure the delivery on time and the wanted quality. Despite the dependence by these products by the hotel, these products are poorly differentiated and easy to find in the market, presenting low switching costs.

Regarding to water, energy and gas suppliers, they present a high bargaining power in Portugal since they hold the monopoly of these relevant commodities.

Additionally, it is also significant to analyze the construction and housing suppliers. They also have a low bargaining power, since Portugal presents an extensive variety of such suppliers and information available. Besides that, regarding to the technological equipment needed to open and maintain the hotel, they are available in the market, existing in several of them many competitive suppliers, that decreases their bargaining power. On the other hand, it is also important to analyze the financing of the project. This is a very scarce resource and has a great importance in the implementation of any new hotel unit. The banks are pursuing a very restrictive credit policy due to the current situation, which hinders access to foreign capital. Thus, the investors and lenders have a high power in this industry.

Moreover, it is crucial to have available the necessary human resources. Despite them not to be traditional suppliers, it is significant at this point to know the availability of this resource in the market. The basic functions that are required in this industry include security services, cleaning and back office (administrative). These resources are available in the market, being easy to recruit people for these areas. On the other hand, at the level of customer service functions (reception and restoration), involving the direct follow-up to the client, they are also available in the market. Thus, the human capital is not an obstacle in this industry.

To sum up, we can observe that suppliers have a lower bargaining power in the industry.

10.3.   Rivalry among existing firms

It analyses the competitive intensity in the industry allowing a better understanding on how significant the competitors are and how they operate in this market. The intensity of competition between established firms is the result of interactions between six factors: concentration, diversity, product differentiation, excess capacity, exit barriers and cost conditions (Grant, 2008).

The hotel industry in Portugal is grouped by hotel chains, whose are usually just focused on this business, not diversifying into other industries. Thus, there is a huge dependence on the success of their business, trying to get the maximum possible market share and profit.

In terms of the number and dimension of the accommodation industry in Lisbon, one can concluded that the industry is fragmented; there are a large number of accommodation companies with small market shares (Annex 43). Thus, the profitability of the sector is disputed by them.

Typically, each tourism company provides the basic and essential services to the overnight stay of the customer, adding some extras according to the customer's needs, in order to offer something distinctive and unique to the customers. The fact of being a fragmented industry, where imitation is easily achieved, contributes to the increase of rivalry among existing firms, opting for a strategy of best-cost-provider, reducing their costs in order to offer to the customers the best relation between service quality and price. Furthermore, the switching costs incurred by customers are low, since the services are poorly differentiated and it is easy to change one tourism company for another. Thus, the rivalry among the industry competitors increases.

The existence of exit barriers is another key point in this analysis, because the higher they are more intense will be the rivalry among competitors (Grant, 2008). In this industry, the companies held durable assets that have high residual value, making easy to obtain capital gains with their sale. Consequently, in case of a fall in the incomes, there is a tendency to abandon the market.

To conclude, the rivalry among competitors is high which decreases the attractiveness of the business.

10.4.   Threat of New Competition

New competitors may indicate a loss of profitability and market share by changing the competitive dynamics of the industry, being a threat for companies that are operating there. Thus, this threat depends on the barriers to the entry of new players in the market as well as the expected retaliation from the established competitors (Porter, 2008).

Regarding to accommodation industry, one of the higher entrance barriers in Lisbon is the high initial investment cost. In fact, it is necessary to find a good location in Lisbon at an affordable price, without forget the capital investment in the construction/restoration and in the operationalization of the hotel. However, it is essential to consider the many public incentive programs in Portugal that has been launched in order to develop the tourism sector, supporting and financing new ideas and projects. Another barrier is related to the prices charged by the companies that are operating in the market. In fact, the actual players in Lisbon have competitive prices and in order to increase their market share, there is a trend to decrease the prices or make promotions, which difficult for the entrance of new competitors. On the other hand, the poor level of differentiation benefits the entrance of new competitors, being easy to imitate the actual industry players. However, it is also important to consider the reputation and notoriety of the actual players, that may difficult the entrance of new competitors in the market.

Moreover, the distribution channels are crucial in this sector, since usually the bookings are made by official channels (official website and reservation office), traditional booking and travel agencies and online operators, that is actually the most used tool by the Lisbon' guests (Annex 48 – 6 and 7). The last two booking means are more costly, since the hotel needs to pay commissions, causing some difficulties to a new competitor. Besides that, could be difficult to a new hotel to be included in the packages of the travel agencies and tour operators.

To sum, we can conclude that it is not too easy to for a new player to enter into the hotel industry in Lisbon.

10.5.   **Threat of Substitutes**

The existence of substitute services or products can affect the attractiveness of the industry, limiting the price that customers are willing to pay for them. In fact, they are alternative assets that meet the same needs of the industry's consumers and the higher the propensity to substitutes, the lower the profitability of the business. Thus, it is central to know their performance and relative prices (Porter, 2008).

There are few substitutes to be considered as an alternative of choosing a hotel, such as renting rooms or apartments, as well as resorting to a free private accommodation, like host of relatives or friends. This way, the consumer is motivated to choose the best alternative that will bring more value at the best price. When it comes to renting rooms or apartments, it is an increasing choice to Holidays, Leisure and Pleasure travelers, principally when they stay for a long period as well as for groups with a certain number of individuals. Regarding the free private accommodation, it is a good option for those who travel to visit family or friend and search for a cheaper or free accommodation alternative, representing 10% of the total of the Lisbon' guests and being the majority from Portugal (Annex 48 – 1). Besides that, to business travelers a hotel seems to be the most appropriate choice, since they require a quiet and relaxed place to rest after work as well as they request for some specific services.

To conclude, the substitutes are gaining importance in the accommodation industry in Lisbon, since guests are choosing other options as alternative to a hotel. However, hotels continue to be the preferred choice of the guests of Lisbon (Annex 40).

11. SWOT analysis

The SWOT analysis allows the identification of the main issues that characterize the strategic position of a company and which ones are favorable or unfavorable for the achievement of its objectives. Thus, it is essential to analyze the evolution of the mediate and immediate surrounding, identifying the Threats and the Opportunities that influence the strategic decisions, as well as it is necessary to identify the Strengths and Weaknesses observed within the Company. Therefore, the SWOT matrix should be made and interpreted in an integrated manner, combining the elements that compose it, (Thompson, 2007).

SYSTEMIC SWOT MATRIX	STRENGTHS			WEAKNESSES	
	Low Price	Central Location and Accessibility	Good Quality Free Wi-Fi	Association to the low-cost concept and low quality	Lack of Notoriety/Awareness
OPPORTUNITIES — Incentives for creating new touristic investments	The State's incentives for creating new touristic investments are important in order to incur the lowest possible costs and projecting the hotel in the best location possible.			-	
Increased of low-cost connections	Increase on the number of short trips to discover Lisbon, being the price a key factor to the travellers	Importance of the proximity to the city centre and its touristic and business points of interest.	Importance of the free Wi-Fi as an influencer on the moment of decision regarding the booking process of a hotel.	The possible association to low quality is negative for the hotel, since the customers seek the better value for their money. The lack of notoriety also contributes to the decision of choosing another hotel.	
Image of Lisbon as City Break and MICE destination	Travellers seek the better value for their money, being the price a central factor when they book a hotel.				

Figure 1 - Systemic SWOT Analysis (Part 1)

SYSTEMIC SWOT MATRIX	STRENGTHS			WEAKNESSES	
	Low Price	Central Location and Accessibility	Good Quality Free Wi-Fi	Association to the low-cost concept and low quality	Lack of Notoriety/Awareness
THREATS High number of competitors (relevant, informed and experienced)	The competitors are quite informed and experienced, knowing the industry and the behaviours of the competition and the measures to take in order to combat the entrance of new competitors. Moreover, the majority of the competitors are equally well located and offer free Wi-Fi to customers, which force the hotel to compete not only by this factor.			The fact that sometimes the idea of Hotel Low-cost is associated with poor quality and few services available, as well as lack of awareness may lead customers to opt for another hotel.	
Difficulty in finding a middle ground at competitive price in Lisbon	It can be harmful, because in order to capitalize the business concept is crucial a good management of its costs and a minimum investment possible. However, it is crucial to have a good location.			-	
More demanding and informed customers	The increasing access to information leads customers to be more aware when making a decision, being important for the hotel to give customers what they really seek for their accommodation.			Clients are more informed and demanding, which makes the lack of notoriety and the idea of poor quality to have a huge impact in their choice.	

Figure 2 - Systemic SWOT Analysis (Part 2)

12.STP – Segmentation, Target and Positioning

12.1.   Segmentation

The market of an industry does not present the same characteristics. Thus, it is necessary to segment it into groups that present homogeneous characteristics, requirements and having similar behaviors and motivations. With this propose, different segmentation variables should be used in segmenting the costumer market, according to the business model:

- **Demographic criteria:** Gender and Age.
- **Geographic criteria:** Nationality of the guests.
- **Social criteria:** Education and Marital status.
- **Behavioral criteria:** Motivation; Average stay and other decision factors.

In order to characterize and understand the profile of the tourists that visit Lisbon the *Turismo de Lisboa* has made satisfaction and motivational surveys in recent years, which will be considered in this study. *Survey to the Purpose of Trip 2014 – City of Lisbon*, published by the *Observatório Turismo de Lisboa* in 2015 has 5647 participants (3899 foreigners and 1748 nationals) that have been interviewed during the last year.

Analyzing the overall results of the survey, the typical Lisbon's tourist is in an age group between 36 and 45 years old and employed, with higher education qualifications and married. In terms of gender, the results are similar: 47% female and 53% male (Annex 48 – 2 to 5). Regarding the purpose of the trip, 56% of the tourists visit Lisbon for Leisure, with City & Short Breaks representing 40% of the total. Business is the second most common motivation to travel to Lisbon (27%) (Annex 48 – 1).

In terms of travel planning, the majority of the Lisbon's tourists prepare their own trips by themselves, using internet to book accommodation and transportation, as well as to get information about the travel (Annex 48 – 6 and 7). The average stay in Lisbon was 4.98 days in 2014, with the tourists travelling accompanying by 1.7 persons. It is essential to note that the City Break tourists have different characteristics than the Business tourists, being important to analyze them separately. In fact, the former group travels accompanied by 2.24 persons, mainly family or partner, staying on average 5.31 nights and preparing the trip by themselves. The second group travels mainly alone, staying on average 4 nights in Lisbon and their trips are usually organized by their

companies (Annex 48 – 9 and 10). Besides that, according to data released by the Tourism of Portugal in 2014, 56% of the guests who use the tourism facilities in Portugal are foreigners (Annex 1), so it is crucial take into account the economic context of the countries where they come from. In the Lisbon area, the more relevant nationalities of the inbound tourists are: United Kingdom, Germany, Spain, France and Brazil (Annex 3).

12.2. Target

After segmenting the market and analyzing their opportunities, the next step is to define a targeting strategy. Based on the segmentation analysis, the proposed hotel will focus on two different targets, the business tourist and the city break tourists, which are characterized in the following table:

Target	City Break Tourists	Business Tourists
Demographic criteria:		
Gender (Male/Female)	50 / 50	55 / 45
Age (years)	26 – 55	36 – 55
Social criteria:		
Academic Level	University Degree	
Marital Status	Married, together	
Behavioral criteria:		
Average Stay	4-5 nights *(Thursday to Monday)*	3-4 nights *(Monday to Friday)*
Travel Companions	Partner *(1 room)* or family *(1/2 rooms)*	Alone *(1 room)* or with a work colleague *(2 rooms)*
Travel Planning	"By themselves"	Their Companies
Use of Internet	Booking accommodation and transportation	
Geographic criteria:		
Nationality	Mainly Foreigners	Mainly Nationals

Table 2 – Target

12.3.   Positioning

The positioning of the Hotel is defined by the way how consumers perceive its image and offered services:

- **Identification:** Three-star hotel in the city of Lisbon.
- **Differentiation:** A well located B&B (Bed and Breakfast) hotel at a competitive price.
- **Promise:** Offer a comfortable bed, with free internet, a good shower and a good breakfast, giving customers the level of quality they require at a competitive price.
- **Slogan:** *"Relax, You are in Lisbon Journey Hotel"; "Make it your place"; "Take a Break".*

13. Marketing Mix

13.1.   Product

13.1.1. Offered services

The main feature of a hotel is to lodge and host (core service), providing to its customers a comfortable place for resting and relaxation. Thus, the projected Hotel aims to offer a comfortable bed, with free internet, a good shower and a good breakfast with typical Portuguese products, giving customers the level of quality they require.

On the other hand, the hotel will provide other services that complement its activity, being some of them mandatory, according to the *Portaria* 327/2008 of April 28th:

- **Reception (mandatory) –** it will work 24 hours a day and will have bilingual personal assistance service (Portuguese and English). The Check-in will be made after 14pm and the check-out will be made till 12am, allowing the hotel to prepare the room for the next guest. However, it will be possible to do earlier check-in and later check-out, which will be subject to availability and may have an extra cost to the host. In addition, the reception will provide another free services, such as: acceptance and delivery of messages, luggage storage, wake-up service;
- **Breakfast service (mandatory) –** the hotel will offer a buffet breakfast with typical Portuguese products from 6:30 am to 10 am;
- **Parking (optional) –** it will be available 30 parking spaces for the guests;

- **Multipurpose Room (optional) –** the hotel will have two equipped multipurpose rooms to carry out small social or professional events, such as meetings or presentations. Each room will have capacity for 30 to 40 persons, being possible to join the rooms into a single one with higher capacity (80 to 90 persons).

In order to offer these services, there is a large set of material requirements that the hotel needs to meet. Based on the *Portaria 327/2008* of April 28th, this three-star hotel will present the following elements:

Hotel Areas	Requirements
Rooms	Climate Control Systems of adjustable intensity, in order to ensure the thermal comfort;
	Basic equipment: bed, desk, bedside and its lights, wardrobes, cabinets and chair/sofa;
	Secondary equipment: equipment to store luggage, wastebasket, switches at entrance and by the bed, duvet with its cover;
	Safe (optional);
	Video and Audio system: color television with remote control;
	Free internet (optional);
	Telephone.
Room's private sanitary facilities	Toilet, sink and shower;
	Basic amenities: soap or shower gel;
	Basic equipment: mirror, towels and holder;
	Secondary equipment: lighting in the lavatory mirror, dustbin, laundry bag and towel on the floor.
Common Areas	Reception with Living area (with tables and sofas or chairs);
	Climate Control Systems of adjustable intensity
	Sanitary facilities.
Dining room	Basic equipment: dining tables, chairs, dishes, glasses and cutlery;
	Climate Control Systems of adjustable intensity;
Service Areas	Area for staff with sanitary facilities and dressing room;
	Storage Area;
Kitchen	Fridge, microwave and sink;
	Cooker and fume hood;
Access Facilities	Lift and Private access to rooms;
	Service entry distinct from entry for guests;
Parking	30 parking spaces (optional);

Table 3 – Requirements by Hotel Area

13.1.2.Brand, color scheme and logo

Another key point that should be defined at this level is the brand of the hotel. The main goal is to allow the identification of a good or a service and to differentiate it from the competitors.

The city hotel will be identified as *Lisbon Journey Hotel* which is easily associated with the accommodation services as well as to the city where the hotel will be located.

The *Journey Hotel* will be assumed as the brand of a future hotel chain in case of expansion of the concept, being the name associated with the concept of traveling. On the other hand, the use of the words "Lisbon" and "Hotel" arose as a way to facilitate the identification and direct association between the provided service and the location of the hotel. Moreover, these words will be important when the customers look up for hotels in Lisbon on the internet, since the search engines will easily select the *Lisbon Journey Hotel* based on these key words, showing it highlighted without any costs for the company. Furthermore, since the majority of travelers that visit Lisbon come from other countries and thinking in a possible internationalization of the concept, the brand name is defined in English.

On the other hand, the definition of a color scheme for the hotel is another key feature. The predominant colors will be the dark blue and the yellow. The former is associated with tranquility, transmitting confidence to customers and fitting the concept of the Hotel – a good place to relax and rest. In addition, the yellow is a color that contrasts well with the dark blue and symbolizes comfort, originality, sun, versatility, liveliness and light, concepts related to travelers. Moreover, it is a bright color that represents positively Lisbon, being associated with the lights of the street lamps and the trams.

Finally, it is essential to define a logo for the hotel. The logo is simple, presenting the same colors defined for the hotel, in order to communicate to the potential customers the same values and ideals that they will experience while staying at the hotel. The use of the Armillary Sphere intends to transmit the idea of traveling and centrality, representing the defined concept – a hotel with an excellent location that allows "to navigate" easily through Lisbon -, since this is an astronomic object of navigation that was used as a representation of the universe, through its ring (analogy to the city of Lisbon) and has at the center a small sphere that represents the Earth (analogy to the

Lisbon Journey Hotel). It is also a significant symbol of Portugal, which is presented in its Flag as a representation of the Portuguese Discoveries.

13.2. Price

Pricing is a highly strategic decision for the Hotel since it identifies its image and positioning as best-cost provider and will also define the revenue value. The price should be defined taking into account the costs of the Hotel, the demand and the prices practiced by the direct competition. Thus, the prices defined for the Hotel need to cover the operating costs, taking also into consideration the target that is aimed to achieve and the price at which the clients are willing to buy. Furthermore, it is crucial to closely monitor the prices offered by competitors which are frequently changing.

At the beginning, the Hotel will adopt a penetration price strategy, defining a lower price than the one charged by the direct competitors, in order to attract consumers to choose the Hotel, as it is not well known by the customers.

Concerning the modification of the prices, it will follow up the evolution of the inflation rate. After the initial five years, it is expected a higher stability of the occupation rate of the Hotel, with the prices increasing by 1.1% from there.

Bed and Breakfast

Considering the direct competitors, they present an average price for the double/twin rooms of 81 euros, including breakfast (Table 4):

The average price for accommodation in double or twin room will be 75 euros, including breakfast, and it is expected an average price of 64 euros in the low season (November to March) and 85 euros in the high season (April-October).

The cancellation policy defines that reservations can be changed or cancelled without being charged any cost until 2 days before the check-in day. After this period, the Hotel has the right to charge the overnight stay value. Regarding extra bed, they will be an extra cost of 20 euros. The children with a maximum age of 10 years old will be accommodated for free in extra bed, subjected to availability.

Hotel	Average Price per Double/Twin Room
Hotel Ibis Lisboa Liberdade	€ 73
Amazónia Lisboa Hotel	€ 79
Ever Lisboa City Center Hotel	€ 64
HF Fénix Garden	€ 92
HF Fénix Music	€ 95
Hotel Avenida Park	€ 79
Hotel Dom Carlos Liberty	€ 93
Hotel Dom Carlos Park	€ 93
Hotel Eduardo VII	€ 79
Hotel Excelsior	€ 66
Hotel Expo Astoria	€ 65
Hotel Gat Rossio	€ 74
Hotel Holiday Inn Express Lisboa - Av. Liberdade	€ 71
Hotel Metroplole	€ 94
Hotel Miraparque	€ 68
Hotel Lisboa Tejo	€ 67
My Story Hotel Rossio	€ 93
Rossio Garden Hotel	€ 68
Sana Rex Hotel	€ 82
Turim Suisso Atlantico Hotel	€ 70
Average Price – Direct Competitors	*€ 81*

Table 4 - Average Price per Double/Twin Room: Direct Competitors

Parking

The parking will be used only by customers, having a cost of 15 euros per day.

Multipurpose room

The charged prices for the rental of the multipurpose rooms will be defined according to following table:

Multipurpose room	Half day	Day
Small room	€ 125	€ 200
Fool room	€ 200	€ 350

Table 5 - Multipurpose room prices

According to the needs of the clients in order to have food and beverage on their meetings or events, the Hotel will subcontract a catering service, charging a price that will be defined adding a margin of 5% to the cost of the service.

13.3. Promotion

The promotion policy aims to communicate and present the hotel, value it and create interest in the customers, building a customer relationship as well as gain some notoriety in the market. At the beginning, the hotel will invest in the meaningful and necessary means of communication, in order not to incur in unnecessary costs, adapting its strategy to future potential needs.

Thus, there will be defined some communication actions both *above the line* (media) and *below the line*. For the first group – publicity/communication in the media - the hotel will invest in its presence in internet, since this is an immediate, simple, customizable, and accessible tool that has been increasingly used by travelers to find information and book hotels. Concerning the actions *below the line*, they will be done mainly at a *Public Relations* level.

Furthermore, communication actions will be used through Direct and Relationship Marketing that intends to communicate directly to the customer through personalized e-mails or newsletters, presenting a set of contents that are related to customers' preferences. It will be sent to customers according to the database analysis and the conducted surveys, in order to understand the identified needs and challenges of the

market while striving to incorporate customer feedback in order to improve its products and services.

The public relations' actions that were defined:

Public Relations' Actions	Main Goals	Advantages
Business Card: This card will contain the identification (brand and logo) and the contact of the hotel. It should easily transmit the hotel's values and concept.	• Provide Contacts	• Show Availability • Promote the remembrance of the hotel
Press Release: The hotel will inform the media – newspapers and Internet – about its opening. Afterwards, other information can be disclosure through press releases in order to promote the hotel.	• Promote the opening and the activities of the hotel	• Attract the press in order to publicize the hotel

Table 6 – Promotion: Public Relations' Actions

Regarding the internet actions, they are summarized on the following table:

Internet Actions	Main Goals	Advantages
Own Website: A simple, attractive and responsive website, where clients can get updated information, as well as make reservations (Annex 68): ***www.lisbonjourneyhotel.com***	• Promote the hotel and its activities; • Create a distribution mean;	• Control the information, prices and booking and payment process; • Easy and quick;
Travel Websites (*Tripadvisor*): It provides reviews of travel-related content and an interactive travel forum, where users can obtain and share information related to their travels.	• Promote the hotel Online; • Know the perceptions of the customers;	• Free Advertising; • Spread of word-of-mouth;

Social Media (*Facebook and Linkedin):* The hotel will create its own pages on social networks*,* getting followers and allowing the contact of the hotel with potential clients through friends or family advice.	• Promote the hotel and its activities; • Launch campaigns for users;	• Easy and quick to communicate; • Direct and bilateral contact with clients and employees;
Online Distribution Platforms: The *Booking.com* website allows the clients to list and compare similar accommodation companies, booking the hotel based on the information available. After the opening of the hotel the objective is to be present in other online distribution channels, such as *Expedia, Hotelbeds and Transhotel*.	• Promote the hotel and its activities; • Sell the hotel online;	• Put the hotel as a market player in Lisbon; • Increase notoriety;
E-mail Marketing: It is intended to communicate directly to the customer through personalized e-mails, newsletters or surveys, presenting a set of contents and campaigns that are related to customers' preferences.	• Present and promote the hotel; • Conduct personalized campaigns; • Conduct surveys to its customers;	• Allows to knowledge customers' needs and satisfaction; • Enables the attraction and retention of customers; • Is a targetable tool;

Table 7 - Promotion: Public Relations' Actions

13.4. Distribution

The distribution of a hotel is related to its reservation system and its steady flow of customers, this is, the hotel has to be in place in order to make it as easy as possible for the customers to choose it. Thus, in order to make the hotel available for the customer, the following customer marketing channels will be used:

- **Direct and short distribution channel**

  The hotel sells directly to the customer (individuals or companies) through its site or direct contact: face-to-face, phone or e-mail. This way, customers can avoid a set of bureaucracies and the hotel can control the final price (that should be lower than the one available in the remaining distribution channels). Besides that, the

hotel can avoid the payment of commissions, as well as its dependency on the touristic operators and travel agencies;

- **Indirect and short distribution channel**

    The distribution of the hotel is also carried out through intermediaries, such as travel agencies and touristic operators. The first ones represent a board of hotels and seek to entrust the hotel with their customers. The second ones assemble travel packages that commonly include transportation and accommodations and sell them to travel agencies. Therefore, they contract with hotels for specified number of rooms and receive a quantity discount whereas travel agencies get a commission from tour operators. Besides, the hotels have to wait several days after guest arrival for payment from tour operators and travel agencies, according to the signed contract, impacting in its liquidity.

Therefore, the presence on the Online Travel Agencies (OTA), such as *Booking.com*, *Expedia*, *Hotelbed* and *Transhotel*, is crucial once they present a list of hotels, allowing the customers to search accordingly to the intended requirements and compare similar hotels, giving also the opportunity to make reservations. One of the disadvantages of these channels is the high commissions that the hotel needs to pay to be highlighted on the websites.

14. Location

In order to achieve success in the development of a city hotel in Lisbon, it is crucial to take into account factors such as centrality and convenience. So the location appears as one of its most important components.

For this analysis will be used the ELECTRE Method, which allows to compare and relate several criteria of the different studied places (alternatives), choosing the best one for the location of the hotel. This method was developed initially by Bernard Roy in response to lacks of existing multi attribute decision making techniques, being used when the decision-maker needs to relate many criteria of different alternatives (Roy, 1991). Thus, it was presented the ELECTRE I, but the upper-rating methods became

different due the preference structures they contained, appearing other variants: ELECTRE II, III, IV and ELECTRE TRI.

These methods generally use the upper rating relation and end up with the selection of an element, classifying the alternatives as *"satisfactory"*, *"dissatisfactory"*, etc. and rating them for the significant elements of a set of other possibilities. This way, the method starts from an inception table, where columns are separated into alternatives and lines are separated into criteria. Besides that, each criterion is weighted in order to disclose its importance when comparing to the other options. Secondly, conformity and nonconformity matrices are formed, enabling the comparison of the different alternatives. Lastly, these two tables are combined in the final evaluation table according to the values defined for the conformity and nonconformity matrices, being found the optimal alternative (Uysal & Yavuz, 2014).

14.1.   Macro Location

The definition of the location should take into account the needs and preferences of the targeted market segment and therefore the flowing factors should be considered:

- **Means of transportation:** the abundance and diversity of means of transportation allow the customers to have greater access to the hotel and to move to the main areas of their interest. Thus, it is essential that the hotel is located in the city center, allowing customers to have access to the entire available infrastructure of public transportation (Annex 57).

- **Places of interest – leisure tourism:** the number of places of interest in a given region affects the influx of tourists, which means that the more areas of interest existing nearby, the greater the number of people coming from other regions. In terms of tourism, there are considered the following places of interest: museums, monuments, gardens, historic areas, religion places, entertainment places and beach (Annex 58).

- **Places of interest – business tourism:** the second most important reason responsible for a non-resident movement to the city of Lisbon is related to occupational and business factors, such as events, conferences and business meetings (Annex 59).

According to the classification of *Plano Director Municipal de Lisboa (PDM)* the city of Lisbon is divided into nine regions. However, taking into account the location of the competitors and the centrality in Lisbon, only three should be analyzed: *Avenidas Novas*, *Centro Histórico* and *Almirante Reis/Roma* (Annex 56).

Indicators	Scale	Weight	Almirante Reis / Roma	Avenidas Novas	Centro Histórico
Means of transportation	0 - 10	7	7	10	9
Places of interest (leisure tourism)	0 - 10	4	2	6	10
Places of interest (business tourism)	0 - 10	4	3	10	5

Table 8 - Alternatives and analyzed criteria: Macro Location

Thus, through the use of the ELECTRE Method, we can observe that the *Avenidas Novas* is the most interesting place for the construction of the city hotel in Lisbon, setting the best values according to the established criteria (Annex 60).

14.2.   Micro Location

To establish the exact location the following criteria were defined:

- **Land and Building Construction:** One of the principles of the defined business strategy is based on cost containment, in order to make it possible to practice very competitive prices and achieve greater uptake of potential customers. Thus, it is vital to minimize the initial investment, being the cost of the building a factor to take into consideration in decision-making. On the other hand, it is important to take into account the features of the building, such as the net internal area and the number of rooms (Annex 61).

- **Subway stations and Centrality**: Another fundamental pillar of the hotel is its central location. The subway will be used as reference in this analysis, since this is the main transport used in Lisbon by tourists, linking the hotel to the main points of interest as well as the other means of transport, including the airport (Annex 62).

- **Places of interest:** Besides the ease of access, the attractiveness of the location is a factor that influences the customer's decision.

Factors	Scale	Weight	A	B	C	D	E	F	G	H	I	J	K
Building Cost and Capacity	0-14	4	14	11	13	0	0	0	0	7	12	14	0
Subway stations and Centrality	0-13	4	9	6	5	9	8	6	6	10	11	7	7
Places of interest	0-8	2	8	6	5	8	6	6	5	7	6	5	6

A) *Avenida*   **B)** *Campo Pequeno*   **C)** *Entre Campos*   **D)** *Marquês de Pombal*   **E)** *Parque*   **F)** *Picoas*

G) *Rato*   **H)** *Saldanha*   **I)** *São Sebastião*   **J)** *Praça de Espanha*   **K)** *Jardim Zoológico*

Table 9 - Alternatives and analyzed criteria: Micro Location

Using the ELECTRE Method it was possible to conclude that the area of the *Avenida da Liberdade* is the best alternative over the others, presenting the best values when compared to the other places that have the possibility to build a hotel. Besides that, it is also located at the *Centro Histórico* area, being a huge advantage (Annex 63).

15. Technical and Technological Aspects

The techniques and methods of construction and the equipment and technologies needed for the exploitation of the hotel are analyzed next.

15.1.   Building and Sizing Unit

Through the analysis of the three-star hotels in Lisbon, we observe that there is some discrepancy in terms of number of rooms, existing hotels with 200 or more available rooms, while others have only about 30 rooms. However, in general, the three-star hotels in Lisbon have an average of 70 to 80 rooms (Annex 52).

According to few interviewed three-star hotels, for the travel agencies and tour operators there is a deficit of bigger hotels in this category, being difficult for them to accommodate groups of people in the same hotel. Thus, it was important to find a space that allows the construction of a larger hotel, with approximately 100 rooms. On the other hand, a large hotel does not necessarily imply an increase in costs, since there are economies of scale associated, being possible to achieve a reduction in unit costs by the increase of the volume of operations.

The chosen building is located near to *Avenida da Liberdade* and *Marquês de Pombal* and has a gross floor area of 4525 m2 (net internal area of 3680 m2). Moreover, it has an approved reconstruction project which will allow the construction of a hotel with 104 rooms and 208 beds, distributed in 8 floors with lift.

Regarding the room typology, the hotel will only have two types of rooms: doubles and twins (due to the fact that placing extra beds will turn them into triple rooms, meaning that single guests cannot stay in any of the rooms). Based on this information and on the fact that, according to the *Survey to the Purpose of Trip 2014 – City of Lisbon*, published by *Observatório Turismo de Lisboa*, the majority of the tourists in Lisbon travel with their mates or family (49%) and 21% of them travel alone (Annex 48 – Point 10), the most appropriate distribution of the type of rooms in the hotel will be 40% of Twin rooms and 60% of double rooms. It will also be taken into account the *Portaria 327/2008*, which refers that the mandatory minimum size for a room double/twin of a three-star hotel is 17 m2. It should also be noted that all rooms need to have private bathrooms, with sink, toilet and shower.

Furthermore, and according to the above-mentioned *Portaria*, it is mandatory for a three-star hotel to have a reception with a small equipment area, a breakfast room, a kitchen and a public toilet. In addition, the hotel will have two elevators and stairs to access to the various floors. On the other hand, there will also be an area for employees in the lobby, consisting of toilets and clothing, as well as a small area addressed to the cleaning material storage and bedroom linen, per floor.

Even though it is not required, the hotel will have a multipurpose room, offering the guests the possibility to develop professional (reunions or small company's events) and personal events. This room will have a capacity for 80 persons or 30 persons per room, if divided.

The building have two underground floors, where there will be located another technical areas and parking spaces. According to the *Portaria 327/2008*, it is not mandatory for a three-star hotel to offer this service, but this one will have capacity for 30 cars, including places for the hotel management. Moreover, according to the *Decreto-Lei* 163/2006, the hotel will be able to receive people with physical and motor disabilities. The Hotel will allocate 1 of the total existing rooms for people with these disabilities.

Finally, the layout of the hotel can be seen in the annex 64, where we can observe the outline and description of the different spaces of the hotel: the two underground floors, the lobby and the eight upper floors.

15.2. Equipment

In the annex 65 we can see the chosen equipment as well as their prices, suppliers and life cycle. It is crucial to underline that the suppliers were selected based on their price, quality and credibility.

15.3. Technology

In order to properly manage the Hotel and ensure the proper operation and optimization of its services, the Hotel will use the *Newhotel Cloud PMS*, which is a hotel management software developed by the Portuguese company *Newhotel*. This company operates worldwide, having a huge experience in the hospitality industry. Regarding the software, it offers all the functionalities for Hotels according to their size sophistication and other requirements, at the best price when compared with other options, such as *Newhotel Front-Office PMS*. Besides that, it is user-friendly, available in multi-language, supports multi-currency and meets the Portuguese fiscal requirements. The access to the software is made through any internet browser, reducing costs in terms of servers, since the hotel will only need to have a computer with internet connection (Annex 66).

Furthermore, the Hotel will use a channel manager *(e-GDS Channel Manager)* to help the E-commerce Department to easily rate and control multiple distribution channels with one single login, saving time and maximizing revenue. Besides that, the hotel will also implement an interface that connects the channel manager to the front office program, allowing the automatic integration of the online reservations *(IF PMS Channel Manager e-GDS).* The supplier of this software will also be *Newhotel*, firstly because the quality and price presented and secondly because of the relationship between the two software, being an advantage in order to improve and solve problems on them (Annex 67).

Regarding to the Website (*www.lisbonjourneyhotel.com*), it will be simple, attractive and responsive, where clients can get updated information, as well as make reservations. The supplier of the website will also be *Newhotel*, since it offers the best relation quality price for the creation of an *e-GDS Content Management System*. Its proposal contains a Standard and Mobile Website, a Booking Engine Integration and a Search Engine Optimization (SEO) system (Annex 68).

The Hotel also needs to have a VOIP (Voice over IP) phone central electronic device, which is connected to the hotel management software, allowing: control call accounting by time; open/close phone lines with check-in/check-out; make wakeup calls; control and inform room status; send messages to room and call center. The chose hardware (*Yeastar MyPBX U300 by Voxsys*) allows connecting 300 users, being possible to make 50 simultaneous phone calls.

In addition, it will be implemented a door opening system that are also connected to the front office software. The interface allows recording and pre-issuing the cards per guest and copies, having other extra functions, such as record of extra data for specific uses, namely identification of guests and credit control. The electronic lock chosen is the *VingCard Classic RFID by Assa Abloy* that offers the latest Radio Frequency Identification (RFID) technology, allowing an easy and intuitive access to the room through guests' smartphone or key card.

The hardware needed to operate the different software will be composed by computers *(with Microsoft Office and Adobe Reader)*, phones and multifunction printers. Besides that, it will be needed *Automatic Payment Terminals (APT)*, in order to allow the customers to conduct payments through banking cards (credit and debit).

16. Organization

The hotel will operate according to a functional structure in order to enable a fast response to customer's needs. On the other hand, it allows a better control of the strategy decisions and a more efficient communication among the entire company. According to the size of the hotel and its needs, it was defined the following organizational chart:
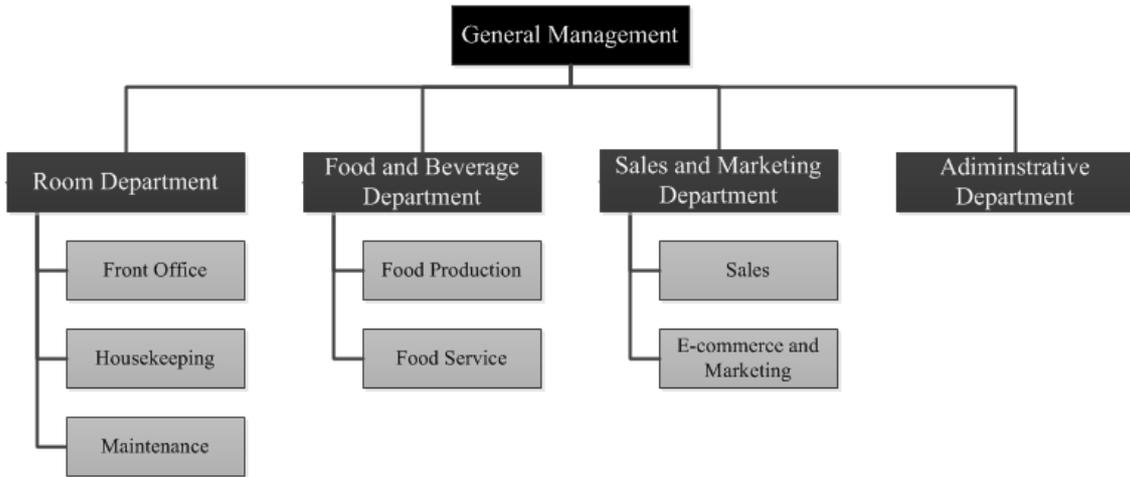
Figure 3 - Organizational Chart

According to the Hotels' organization, it was defined the number of hired employees by department, taking into account that each employee works 40 hours per week and has 22 days of holidays. Regarding the types of contracts and recruitment, the Hotel will adopt three types: permanent contracts, part-time contracts and internship contracts. On the other hand, if necessary, the hotel can use temporary employment agencies.

Support Structures:

o **General Management:** the Hotel will have a General Manager, being considered a monthly salary of 2.300 euros plus an increment of 25%, associated with flexible working hours.

o **Administrative Department:** the administrative department will have a permanent employee (monthly salary of 750 euros) and an intern (monthly salary of 505 euros).

Room Department:

o **Reception:** the reception of the hotel will be open 24 hour a day, having three shifts: 2 shifts during the day and one during the night. During the day shifts, the reception will have two employees, whereas the nocturne shift will have the night auditor. Thus, it was estimated a fixed number of 5 permanent contracts over the years, being complemented through six month internship contracts between May and October (two contracts per year). Regarding to the monthly salaries, it was considered 725 euros for the permanent contracts and 505 euros for the others.

o **Night Auditing:** the Hotel will have only one permanent night auditor, that is replaced by a receptionist colleague during her/his rest and holiday days. For this position, it was considered a salary of 725 euros, which have a complement of 40% due the fact that its working hours are during the night.

o **Housekeeping:** the housekeeping is one of the vital functions of any Hotel, since the quality of the accommodation service (its core business) depends on it, being important to have at least a part of this work conducted internally. However, the housekeeping needs of a hotel are extremely related to its occupation, being very volatile across time. According to that, and in order to achieve efficiency, the Hotel needs to sign a contract with an outsourcing company, ensuring that it only has the necessary employees, according to the daily needs. This way, the Hotel will hire three permanent employees in the first four year, counting with 4 employees in the remaining years (salary of 600 euros). Regarding the costs of the outsourcing contract, they are explained in the annex 77.

o **Maintenance:** for this function, the Hotel will have one permanent employee, counting also with one internship contract, assuring one person responsible for this job, on a daily basis. For the permanent contract it was projected a salary of 750 euros, whereas for the internship contract it was projected a salary of 505 euros.

Food and Beverage Department:

o **Kitchen:** the hotel will have two permanent employees working at the kitchen (salary 750 euros per month), hiring an intern during May to October.

o **Floor Service:** regarding to this area, the Hotel will outsource the service, since it only need a worker 5 hours a day, being estimated 2 workers during the low season and 3 at the high season (Annex 77).

Sales and Marketing Department:

o **Sales:** concerning the Sales Assistant (one permanent contract), it was considered a monthly salary of 800 euros, having an incentive prize of 25% if the employee achieves the sales goals. It was assumed in this analysis, that the sales goals are achieved every year.

o **E-commerce and Marketing:** the responsible for this function has a projected monthly remuneration of 900 euros, having associated an increment of 25% (flexible working hours).

In the payroll analysis, it was projected an increase of the remuneration values at inflation rate over the years (Annex 78). Moreover, the annex 69 details the tasks of each employee.

17. Project Planning and Implementation

According to the project planning and implementation study present in the figure 4, it is expected the beginning of activity of the Hotel to the second half of the April of 2017. For more information about the planning and implementation activities and tasks check the annex 70.
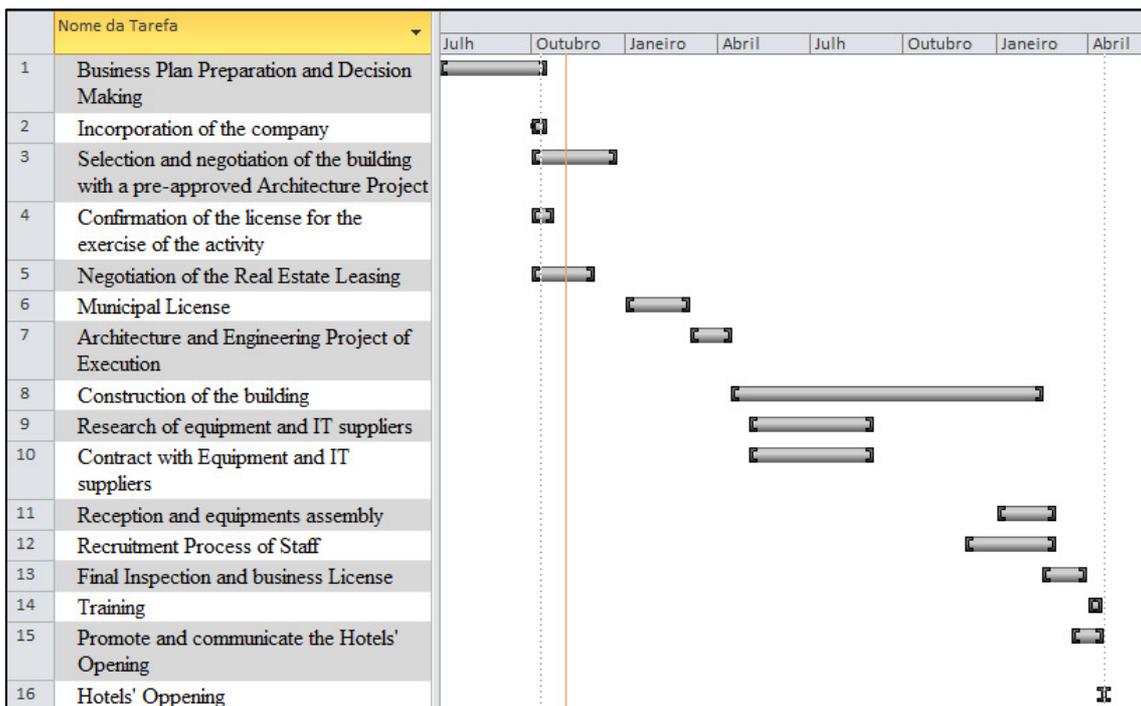
Figure 4 - Project Planning

18. Financing

In order to support the national touristic activity several public incentive systems were created such as the QREN - *Quadro de Referência Estratégico Nacional* (2014-2020) and JESSICA – *Joint European Support for Sustainable Investment in City Areas,* actually in progress. It is also important to mention the program *PORTUGAL 2020*, that was established between Portugal and the European Commission and that provides funds to finance projects that are relevant to the economic, social and territorial progress of Portugal between 2014 and 2020. This business project only has conditions to apply the JESSICA's incentive, since the project aims for the creation of a city hotel in Lisbon, through the requalification and adaptation of an existing building. However, due the lack of innovative and differentiation characteristics of the business plan, this incentive will not also be considered.

In addition, the *Turismo de Portugal* in partnership with financial institutions, created a support credit line in order to finance the creation and requalification of tourism projects, but one more time, this project is not eligible, since it does not present a high differentiation level when compared with the current hotel's offer in Lisbon. Thus, it is necessary to use other financing options.

One of the medium and long-term financing solutions is the Real Estate Leasing, which is used to purchase and/or build any type of real estate investments, being used in the accommodation industry in order to finance the construction of the hotels. Regarding the main advantages of this financing solution they are:

- Leasing operations are not subject to stamp tax;
- There is a residual value that allows to postpone the payment of part of the amount financed to the end of the term;
- The initial payment and residual amount are tailored to the company needs;
- The interests included in the leasing rents are tax deductibles, in accordance with the legislation;
- The depreciation of the leased asset are tax deductible up to the limits established by law;
- Possibility of including the amount paid on account of property transfer taxes (IMT) and of writing and registration in the global financing amount.

Capital Structure

According to the Modigliani-Miller theorem, when exists corporate tax, the higher the debt, the greater the value of the company, since it increases the present value of tax benefits of debt interests. Thus, the value of the company increases linearly with the debt, being the optimal capital structure the one that is only financed by debt capital. However, this theorem assumes perfect markets and, therefore, it doesn´t take in account the risks and costs (financial distress and bankruptcy costs) associated excess use of debt. In addition, potential lenders will avoid (or over charge) a project presenting a high leverage.

Taking into account the necessary capital for the investment of the project, it will be distributed according to the following table (table 10):

	Total Amount	% of Total
Share Capital	4,452,636 €	42%
Real Estate Leasing	6,241,280 €	58%
Necessary Capital for the investment	10,693,916 €	100%

Table 10 – Capital Structure

Regarding capital, it will be delivered in several installments in accordance with the financing of the investment needs, being the first of 1,896,100 euros in the incorporation of the company (2015), the second of 885,800 euros in 2016 and the remaining in 2017, in order to finance the fixed assets and the working capital investments.

One the other hand, the Real Estate Leasing will be used to finance 80% of the building investment (acquisition and reconstruction costs):

Features	Real Estate Leasing – Millenium BCP
Term	10 Years
Residual Value	2%
Type of Rent	Monthly
Interest Rate	Euribor 6 Months (360 days of September 2015 - 0.035%) + spread
Loan-To-Value (LTV)²	50%
Grace Period	1 Year and 9 months
Stamp Tax	Exempt

[1] The spread given by Millenium BCP for this type of contract is between 6.5% and 12%, being considered a spread of 6.5% for the project, due the LTV ratio of 80% of the total building investment.

[2] Is used by lender to express the ratio of a loan to the value of the property. Thus, the higher the Loan-to-Value ratio the higher the risk for lenders: $\text{Loan-To-Value} = \dfrac{Loan\ Amount}{Appraised\ Value\ of\ the\ Property}$ (1)

Table 11 - Real Estate Leasing – Millenium BCP

In the annex 71 can be found the Financing Map for the Real Estate Leasing.

19. Economic and Financial Analysis of the investment

19.1.   Introduction

In order to analyse the investment project, it is essential to prepare some information about the investment and the hotel exploitation, supported by some auxiliary maps. In addition, we can analyse another essential maps: Cash Flow Map; Financial Plan; Income Statement; Balance Sheet, which are crucial in order to obtain the necessary information to evaluate the project and to make a decision.

The entire analysis was made taking into account the following general assumptions:

- **Time Horizon of Analysis:** According to the Project Planning and Implementation Analysis, the proposed Hotel will start its activity in April 2017, being evaluated till the end of the year 2036 (approximately 20 years).

- **Inflation Rate:** For the business plan, it was considered an inflation rate of 1.1%, which it the predicted rate for 2016 and 2017 by the Banco de Portugal.

- **Corporate Taxes (IRC):** According to the Portuguese Corporate Tax Code (*Código do Imposto sobre o Rendimento das Pessoas Colectivas – CIRC*), the standard corporate income rate is 21%, to which may be added a municipal tax (*"derrama municipal"*) up to 1.5% levied on taxable profits, as well as a state additional tax (*"derrama estatal"*) of 3% on taxable profits, exceeding 1,500,000 Euros. Thus, it was defined a corporate tax rate of 22.5% or 25.5%, being related with the taxable profits. Moreover, the tax losses may be carried forward for a period currently set in 12 years and limited to 70% of the taxable profits.

- **Legal Reserves:** According to the article 295º of *Código das Sociedades Comerciais*, a Portuguese *"Sociedade Anómima"* is required to constitute a legal reserve of 5% of its positive earnings until it reaches 20% of the company's share capital.

- **Dividends:** The earning obtained by the Hotel can be reinvested or distributed for the shareholders as dividends. In the hospitality industry, it is very important to ensure that the shareholders feel rewarded, keeping their interest to invest in the business. Thus, the dividend policy of the Hotel to be applied intends to distribute a significant margin of the Hotels' earnings: 95%, since the company needs to constitute a legal reserve of 5%.

- **IMI:** The IMI rate for urban buildings is between 0.3% and 0.5%, being considered the higher rate in the presented project. Moreover, for Buildings integrated into tourism projects they are exempt for a period of seven years.

- **VAT rates:** In Portugal there are three different VAT rates (6%, 13% and 23%) that are added to the price of a purchase of a product or service. The following table shows the VAT rates by type of good or service purchased (Annex 72).

- **Depreciations (Annex 84):** Regarding the depreciations of the fixed assets, it will be considered the straight line method, by applying the maximum specific rates set out in the *Decreto Regulamentar N. 25/2009*, of 14th of September (actualized by the *Decreto Regulamentar N. 4/2015*, of 22nd of April), and being expected reinvestments according to the same life cycle. Moreover, and according to the same *Decreto*, the depreciations are only considered after the beginning of the activity of the Hotel (Annex 71).

When reaching the lifetime of the project, it is assumed the liquidation of the company, being considered the residual value of the assets. However, due to the difficulty in determining the market value of the assets, after this large period of time it will be assumed that the residual value would be equal to the net book value (acquisition cost less accumulated depreciations).

- **IRS retention rate:** For the IRS retention of the employee remunerations, including Christmas and holidays subsidies was considered the Table1 of the *Tabelas de Retenção na Fonte para o Continente – 2015*.

19.2.   Investment

19.2.1. Real Estate Investment

For this business plan, it was considered a pre-approved project to the construction of a 3-star hotel, with 104 rooms, located in *Avenida da Liberdade (São Sebastião da Pedreira - Avenidas Novas)*, Lisbon (see point *17.1. Building and Sizing Unit*). This is a rehabilitation project with an overall cost of 9,500,000 euros, including all the construction and license costs, as well as, the land price.

The land has a net gross floor area of 440 m2, being considered a price of 3,860 euros per m2, based on the Remax historical on sales, based on the last year, and for the same area. Thus, was projected an investment of 1,698,400 euros relative to the ground, being the remaining allocated to the Building and Construction investment. Regarding to license, charter and writing expenses, associated to the Real Estate Investment, was considered a value of 408,900 euros, being associated to the IMT (6.5%) and a value of 1% for other expenses on the Land and Building investment:

Land	1,698,400 EUR	3,860 EUR/m2
Building and Reconstruction Costs	7,801,600 EUR	75,015 EUR/room
License, charter and writing	408,900 EUR	-

Table 12 - Land and Building investment

19.2.2. Equipment and other investments

The projected investment in equipment can be consulted in the annex 65, whereas the software investments can be found in the annexes 66, 67 and 68.

19.2.3.Investment Summary Map

The following map aggregates all the entire investments in fixed assets and other hotel opening investments during the analysis period.

Investment Map (kEUR)	Acquisition Costs in 2015	Life Cycle (Years)	2015 -2	2016 -1	2017 0	2018 1	2019 2	2020 3	2021 4
Tangible Fixed Assets:									
Real Estate Investment									
Ground	1,698.4	-	1,698.4	-	-	-	-	-	-
Building	3,753.6	20	-	3,002.9	750.7	-	-	-	-
Reconstruction Costs	4,048.0	20	-	3,238.4	809.6	-	-	-	-
License, charter and writing	408.9	20	127.4	225.2	56.3	-	-	-	-
Equipments **									
Furniture	96.2	8	-	-	98.3	-	-	-	-
Interior Design	6.6	8	-	-	6.8	-	-	-	-
Mattresses, bed linen and blankets	29.5	8	-	-	30.2	-	-	-	-
White clothes and towels	6.8	8	-	-	7.0	-	-	-	-
Dinnerware, glassware and cutlery	2.2	4	-	-	2.2	-	-	-	2.3
Kitchenware	0.5	4	-	-	0.5	-	-	-	0.5
Machinery, Equipments and appliances	28.4	5	-	-	29.1	-	-	-	-
Televisions	21.5	7	-	-	22.0	-	-	-	-
Computers	3.3	3	-	-	3.3	-	-	3.4	-
Telephone Exchange	15.0	10	-	-	15.3	-	-	-	-
Boiler	31.3	14	-	-	32.0	-	-	-	-
Lift	46.8	10	-	-	47.9	-	-	-	-
Total Tangible Asset Investment			**1,825.8**	**6,466.5**	**1,911.2**	**-**	**-**	**3.4**	**2.9**
Intangible Fixed Assets									
Computer software									
Newhotel Cloud PMS	8.3	3	-	-	8.5	-	-	8.7	-
e-GDS Channel Manager	1.3	3	-	-	1.3	-	-	1.3	-
IF PMS Channel Manager e-GDS	0.7	3	-	-	0.7	-	-	0.7	-
Other computer programs	0.5	3	-	-	0.5	-	-	0.5	-
Industrial Property									
Website	18.0	3	-	-	18.4	-	-	19.0	-
Financial Charges									
Interim Interest	489.9	3	-	352.7	137.2	-	-	-	-
Total Intangible Asset Investment			**-**	**352.7**	**166.5**	**-**	**-**	**30.4**	**-**
Total CAPEX Investment			**1,825.8**	**6,819.2**	**2,077.7**	**-**	**-**	**33.8**	**2.9**

Table 13 – Investment Summary Map – Part 1

Investment Map (kEUR)	Acquisition Costs in 2015	Life Cycle (Years)	2022	2023	2024	2025	2026	2027	2028
			5	6	7	8	9	10	11
Tangible Fixed Assets:									
Real Estate Investment									
Ground	1,698.4	-	-	-	-	-	-	-	-
Building	3,753.6	**20**	-	-	-	-	-	-	-
Reconstruction Costs	4,048.0	**20**	-	-	-	-	-	-	-
License, charter and writing	408.9	**20**	-	-	-	-	-	-	-
Equipments **									
Furniture	96.2	**8**	-	-	-	107.3	-	-	-
Interior Design	6.6	**8**	-	-	-	7.4	-	-	-
Mattresses, bed linen and blankets	29.5	**8**	-	-	-	32.9	-	-	-
White clothes and towels	6.8	**8**	-	-	-	7.6	-	-	-
Dinnerware, glassware and cutlery	2.2	**4**	-	-	-	2.5	-	-	-
Kitchenware	0.5	**4**	-	-	-	0.6	-	-	-
Machinery, Equipments and appliances	28.4	**5**	30.7	-	-	-	-	32.4	-
Televisions	21.5	**7**	-	-	23.7	-	-	-	-
Computers	3.3	**3**	-	3.6	-	-	3.7	-	-
Telephone Exchange	15.0	**10**	-	-	-	-	-	17.1	-
Boiler	31.3	**14**	-	-	-	-	-	-	-
Lift	46.8	**10**	-	-	-	-	-	53.4	-
Total Tangible Asset Investment			**30.7**	**3.6**	**23.7**	**158.3**	**3.7**	**102.9**	**-**
Intangible Fixed Assets									
Computer software									
Newhotel Cloud PMS	8.3	**3**	-	9.0	-	-	9.3	-	-
e-GDS Channel Manager	1.3	**3**	-	1.4	-	-	1.4	-	-
IF PMS Channel Manager e-GDS	0.7	**3**	-	0.7	-	-	0.8	-	-
Other computer programs	0.5	**3**	-	0.5	-	-	0.6	-	-
Industrial Property									
Website	18.0	**3**	-	19.6	-	-	20.3	-	-
Financial Charges									
Interim Interest	489.9	**3**	-	-	-	-	-	-	-
Total Intangible Asset Investment			**-**	**31.4**	**-**	**-**	**32.4**	**-**	**-**
Total CAPEX Investment			**30.7**	**34.9**	**23.7**	**158.3**	**36.1**	**102.9**	**-**

Table 14 - Investment Summary Map – Part 2

Investment Map (kEUR)	Acquisition Costs in 2015	Life Cycle (Years)	2029	2030	2031	2032	2033	2034	2035	2036
			12	13	14	15	16	17	18	19
Tangible Fixed Assets:										
Real Estate Investment										
Ground	1,698.4	-	-	-	-	-	-	-	-	-
Building	3,753.6	**20**	-	-	-	-	-	-	-	-
Reconstruction Costs	4,048.0	**20**	-	-	-	-	-	-	-	-
License, charter and writing	408.9	**20**	-	-	-	-	-	-	-	-
Equipments **										
Furniture	96.2	**8**	-	-	-	-	117.1	-	-	-
Interior Design	6.6	**8**	-	-	-	-	8.1	-	-	-
Mattresses, bed linen and blankets	29.5	**8**	-	-	-	-	35.9	-	-	-
White clothes and towels	6.8	**8**	-	-	-	-	8.3	-	-	-
Dinnerware, glassware and cutlery	2.2	**4**	2.6	-	-	-	2.7	-	-	-
Kitchenware	0.5	**4**	0.6	-	-	-	0.6	-	-	-
Machinery, Equipments and appliances	28.4	**5**	-	-	-	34.2	-	-	-	-
Televisions	21.5	**7**	-	-	25.6	-	-	-	-	-
Computers	3.3	**3**	3.8	-	-	3.9	-	-	4.0	-
Telephone Exchange	15.0	**10**	-	-	-	-	-	-	-	-
Boiler	31.3	**14**	-	-	37.3	-	-	-	-	-
Lift	46.8	**10**	-	-	-	-	-	-	-	-
Total Tangible Asset Investment			**6.9**	**-**	**62.9**	**38.2**	**172.8**	**-**	**4.0**	**-**
Intangible Fixed Assets										
Computer software										
Newhotel Cloud PMS	8.3	**3**	9.7	-	-	10.0	-	-	10.3	-
e-GDS Channel Manager	1.3	**3**	1.5	-	-	1.5	-	-	1.6	-
IF PMS Channel Manager e-GDS	0.7	**3**	0.8	-	-	0.8	-	-	0.9	-
Other computer programs	0.5	**3**	0.6	-	-	0.6	-	-	0.6	-
Industrial Property										
Website	18.0	**3**	21.0	-	-	21.7	-	-	22.4	-
Financial Charges										
Interim Interest	489.9	**3**	-	-	-	-	-	-	-	-
Total Intangible Asset Investment			**33.5**	**-**	**-**	**34.6**	**-**	**-**	**35.8**	**-**
Total CAPEX Investment			**40.4**	**-**	**62.9**	**72.8**	**172.8**	**-**	**39.8**	**-**

Table 15 - Investment Summary Map – Part 3

** The equipment acquisition costs include an extra cost of 5% of the original value, in order to reflect the transportation and assembly costs, as well other possible expenses.

19.2.4.Investment in working Capital

The auxiliary maps can be consulted in the annexes, 79, 81 and 85.

Working Capital (kEUR)	VAT rate	Average term (months)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Exploitation Needs			70.0	247.9	105.7	37.1	45.6	56.8	63.5	70.4	74.3	80.7	80.5
Customers													
Bed and Breakfast			-	-	22.0	26.1	33.6	43.9	49.8	55.8	59.3	65.1	64.5
GDS platforms	6%	0	-	-	-	-	-	-	-	-	-	-	-
OTA's	6%	0	-	-	-	-	-	-	-	-	-	-	-
Own website	6%	0	-	-	-	-	-	-	-	-	-	-	-
Companies	6%	1	-	-	13.4	16.3	19.2	24.7	28.0	32.2	35.1	40.2	43.3
Travel Agencies and Tour Operators	6%	2	-	-	8.6	9.7	14.4	19.2	21.8	23.6	24.2	24.9	21.2
Directs	6%	0	-	-	-	-	-	-	-	-	-	-	-
Extra Beds	6%	0.5	-	-	1.3	1.5	1.8	2.0	2.3	2.5	2.5	2.6	2.7
Multipurpose Room	23%	1	-	-	6.3	6.7	7.0	7.3	7.6	7.8	8.1	8.4	8.7
Parking	23%	0	-	-	-	-	-	-	-	-	-	-	-
Stock													
Food and Beverage		0.2	-	-	0.8	0.9	1.0	1.1	1.3	1.4	1.4	1.4	1.5
Amenities		1	-	-	1.3	1.3	1.6	1.7	1.9	2.1	2.1	2.2	2.2
Office material		1	-	-	0.4	0.4	0.5	0.6	0.6	0.7	0.7	0.7	0.7
Cleaning material		1	-	-	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
State													
VAT		2	70.0	247.9	73.2	-	-	-	-	-	-	-	-
Exploitation Resources			-	-	58.5	72.3	81.6	86.6	113.6	243.2	266.3	293.0	311.1
Purchasing Suppliers													
Food and Beverage	13%	1	-	-	4.6	5.0	5.8	6.4	7.1	7.7	7.8	8.1	8.3
Amenities	23%	1	-	-	1.7	1.7	1.9	2.1	2.4	2.6	2.6	2.7	2.8
Office stuff	23%	1	-	-	0.6	0.9	1.1	1.2	1.3	1.4	1.4	1.5	1.5
Cleaning	23%	1	-	-	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Service Suppliers													
Electricity	6%	1	-	-	5.0	5.6	6.4	7.0	7.7	8.2	8.3	8.5	8.6
Water	6%	1	-	-	1.5	1.7	1.9	2.1	2.3	2.5	2.5	2.5	2.6
Gas	6%	1	-	-	1.7	1.8	2.1	2.3	2.5	2.7	2.7	2.8	2.8
Telecommunication	23%	1	-	-	2.5	2.8	3.2	3.5	3.8	4.1	4.1	4.2	4.3
Safety	23%	1	-	-	5.2	4.9	5.0	5.0	5.1	5.1	5.2	5.3	5.3
Accounting	23%	1	-	-	0.5	0.6	0.7	0.7	0.8	0.9	0.9	1.0	1.0
Laundry	23%	1	-	-	3.8	3.9	4.4	4.7	5.1	5.5	5.5	5.6	5.7
Temporary Employment Agencies	23%	1	-	-	3.7	3.6	4.3	4.8	4.2	4.7	4.8	5.0	5.1
IT	23%	1	-	-	1.4	1.3	1.3	1.3	1.3	1.4	1.4	1.4	1.4
Commissions and reservation fees	23%	1	-	-	16.1	25.3	29.1	30.9	34.9	37.1	37.4	37.1	37.3
Marketing Promotion	23%	1	-	-	0.2	0.3	0.4	0.4	0.4	0.5	0.5	0.5	0.5
Maintenance	23%	1	-	-	0.1	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3
Other Services	23%	1	-	-	0.7	1.1	1.3	1.5	1.7	1.8	1.9	1.9	2.0
State													
VAT		2	-	-	-	2.7	3.5	3.1	5.5	5.2	5.4	6.5	1.8
IRC		6	-	-	-	-	-	-	17.4	142.0	163.5	188.3	209.9
Social Security (Employer)		1	-	-	4.3	4.3	4.4	4.4	4.6	4.7	4.7	4.8	4.8
Social Security (Employee) IRS		1	-	-	4.5	4.5	4.6	4.6	4.8	4.9	4.9	5.0	5.0
City Lisbon Tax	**	0	-	-	-	-	-	-	-	-	-	-	-
Working Capital			70.0	247.9	47.2	(35.2)	(36.9)	(29.8)	(50.1)	(172.8)	(192.0)	(212.4)	(230.6)
Investment in Working Capital			70.0	177.9	(200.6)	(82.4)	(0.8)	6.2	(20.3)	(122.8)	(19.2)	(20.4)	(18.2)

Table 16 – Investment in Working Capital – Part 1

Working Capital (kEUR)	VAT rate	Average term (months)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Exploitation Needs			**82.7**	**89.4**	**94.4**	**96.7**	**100.7**	**103.4**	**106.4**	**111.7**	**114.8**	**112.5**	**115.9**
Customers													
Bed and Breakfast			66.2	72.4	76.8	78.6	82.1	84.3	86.7	91.4	93.7	90.7	93.3
GDS platforms	6%	0	-	-	-	-	-	-	-	-	-	-	-
OTA's	6%	0	-	-	-	-	-	-	-	-	-	-	-
Own website	6%	0	-	-	-	-	-	-	-	-	-	-	-
Companies	6%	1	44.4	50.1	53.8	55.1	58.0	59.5	61.2	65.3	67.0	68.7	70.7
Travel Agencies and Tour Operators	6%	2	21.8	22.4	23.0	23.5	24.2	24.8	25.5	26.1	26.8	22.0	22.6
Directs	6%	0	-	-	-	-	-	-	-	-	-	-	-
Extra Beds	6%	0.5	2.7	2.8	2.9	2.9	3.0	3.1	3.2	3.3	3.3	3.4	3.5
Multipurpose Room	23%	1	9.0	9.4	9.7	10.0	10.3	10.7	11.0	11.5	11.9	12.4	12.9
Parking	23%	0	-	-	-	-	-	-	-	-	-	-	-
Stock													
Food and Beverage		0.2	1.5	1.5	1.6	1.6	1.7	1.7	1.8	1.8	1.8	1.9	1.9
Amenities		1	2.3	2.4	2.4	2.5	2.6	2.6	2.7	2.8	2.8	2.9	3.0
Office material		1	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.9	0.9	1.0	1.0
Cleaning material		1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2
State													
VAT		2	-	-	-	-	-	-	-	-	-	-	-
Exploitation Resources			**342.1**	**367.3**	**408.2**	**420.8**	**439.3**	**453.4**	**469.6**	**480.0**	**502.8**	**518.0**	**538.1**
Purchasing Suppliers													
Food and Beverage	13%	1	8.5	8.7	9.0	9.2	9.4	9.7	9.9	10.2	10.4	10.7	11.0
Amenities	23%	1	2.8	2.9	3.0	3.1	3.2	3.2	3.3	3.4	3.5	3.6	3.7
Office stuff	23%	1	1.5	1.6	1.6	1.7	1.7	1.8	1.8	1.8	1.9	1.9	2.0
Cleaning	23%	1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Service Suppliers													
Electricity	6%	1	8.7	8.9	9.0	9.1	9.3	9.4	9.6	9.7	9.8	10.0	10.1
Water	6%	1	2.6	2.7	2.7	2.7	2.8	2.8	2.9	2.9	2.9	3.0	3.0
Gas	6%	1	2.9	2.9	3.0	3.0	3.0	3.1	3.1	3.2	3.2	3.3	3.3
Telecommunication	23%	1	4.3	4.4	4.5	4.5	4.6	4.7	4.8	4.8	4.9	5.0	5.0
Safety	23%	1	5.4	5.4	5.5	5.5	5.6	5.7	5.7	5.8	5.9	5.9	6.0
Accounting	23%	1	1.0	1.0	1.1	1.1	1.1	1.1	1.2	1.2	1.2	1.3	1.3
Laundry	23%	1	5.8	5.9	5.9	6.0	6.1	6.2	6.3	6.3	6.4	6.5	6.6
Temporary Employment Agencies	23%	1	5.2	5.4	5.5	5.7	5.8	6.0	6.1	6.3	6.4	6.6	6.8
IT	23%	1	1.4	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.6	1.6	1.6
Commissions and reservation fees	23%	1	37.0	36.5	36.5	37.4	37.2	38.2	38.9	39.1	39.7	40.3	41.5
Marketing Promotion	23%	1	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Maintenance	23%	1	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4
Other Services	23%	1	2.0	2.1	2.1	2.2	2.2	2.3	2.4	2.4	2.5	2.5	2.6
State													
VAT		2	7.1	5.2	9.8	8.6	10.8	8.7	8.9	5.6	12.8	11.9	13.9
IRC		6	234.8	261.3	296.3	308.3	323.6	337.5	351.5	363.8	377.5	391.8	407.2
Social Security (Employer)		1	4.9	4.9	5.0	5.1	5.1	5.2	5.2	5.3	5.3	5.4	5.5
Social Security (Employee) IRS		1	5.1	5.1	5.2	5.2	5.3	5.4	5.4	5.5	5.5	5.6	5.7
City Lisbon Tax	**	0	-	-	-	-	-	-	-	-	-	-	-
Working Capital			**(259.4)**	**(277.9)**	**(313.8)**	**(324.1)**	**(338.6)**	**(350.0)**	**(363.2)**	**(368.2)**	**(387.9)**	**(405.5)**	**(422.2)**
Investment in Working Capital			**(28.8)**	**(18.5)**	**(35.9)**	**(10.3)**	**(14.5)**	**(11.3)**	**(13.2)**	**(5.0)**	**(19.7)**	**(17.6)**	**(16.7)**

Table 17 - Investment in Working Capital – Part 2

** Regarding to the City Lisbon Tax, it was considered that it will be paid directly by customers (1EUR per person over 13 years old and per overnight stay), being the collected amount delivered to the municipal authority in the same month.

19.3. Hotel Exploitation

19.3.1. Sales Forecast

In order to predict the sales of the Hotel, it is important to separate them by provided service: Bed and Breakfast; Multipurpose Room and Parking.

<u>Bed and Breakfast</u>

The revenues of this service depend on the room occupation and price.

To estimate the occupation of the Hotel it is crucial to consider the predictions of the overnight stays in Lisbon, focusing on thee star hotels. As mentioned on the Demand Analysis (Point 10.1. Demand), the predictions defined in the *Plano Estratégico para o Turismo na Região de Lisboa 2015-2019*, published by *Roland Berger* and *Turismo de Lisboa* in 2014, estimates that the number of overnight stays will grow at a Compound Annual Growth Rate of 5% until 2019 (Roland Berger Strategy Consultants, 2014). For the next years it was considered that the number of overnight stays will still be increasing, but at a Compound Annual Growth Rate of 1.5%, starting in 2020 (Annex 73).

Moreover, we should take into account the industry seasonality of the region. As mentioned before, Lisbon is the Portuguese region that has more stability on occupation during the year, presenting a room occupation rate higher than 60% between March and November of 2014 (actual high season for Lisbon).

The three and four star hotels are the accommodation establishments who receive more guests in Lisbon, presenting also the best room occupation rate: 76% and 77% in 2014, respectively. To establish the evolution of the room occupation rate of the three-star hotels, it was considered an increase of 0.2 percentage points over the years, starting in 2015.

Taking these assumptions into consideration, the room occupation rates between 2017 and 2021 was estimated by month (Graph 2). It should be noted that the Hotel will start its activity on 15th of April of 2017.
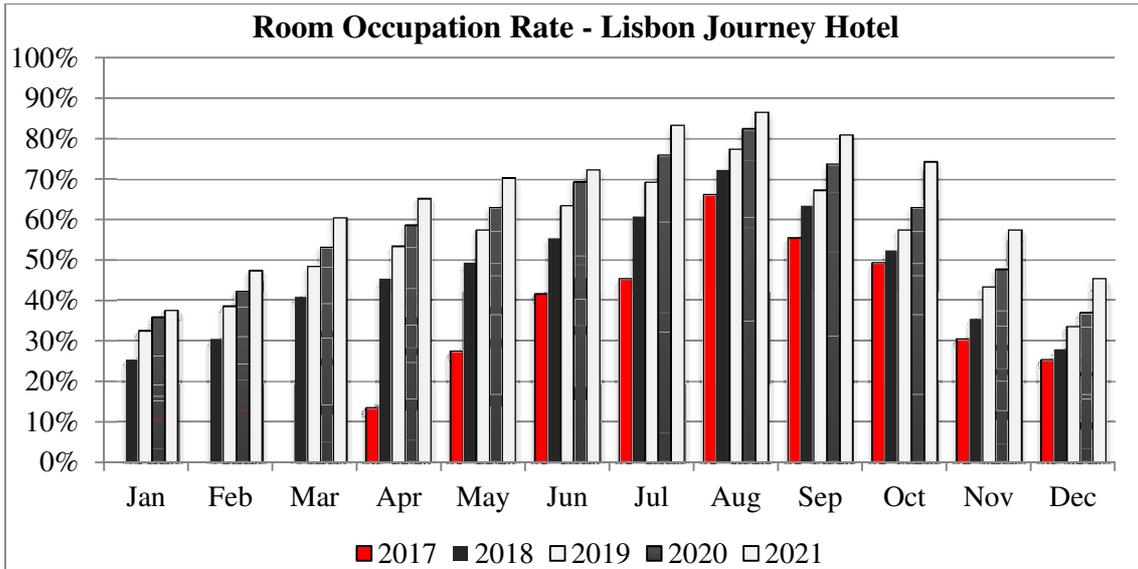
Graph 2 – Room Occupation Rate: Lisbon Journey Hotel

After these initial five years, that is a more stable period, in which the room occupation was estimated annually, considering an annual growth rate of the overnight stays of 1.5% for the remaining years. Regarding the bed and breakfast pricing, it was estimated an average price of 65 euros in the low season and 85 euros in the high season for 2017, growing at the inflation rate for the remaining years. Between 2017 and 2021 the high season is composed by the months that exhibit more than 50% occupation rate (April to October). After that, the high seasonality of the accommodation of the Hotel will be similar to the one verified in Lisbon. The average bed and breakfast price for the initial five years can be analyzed through the following graph:
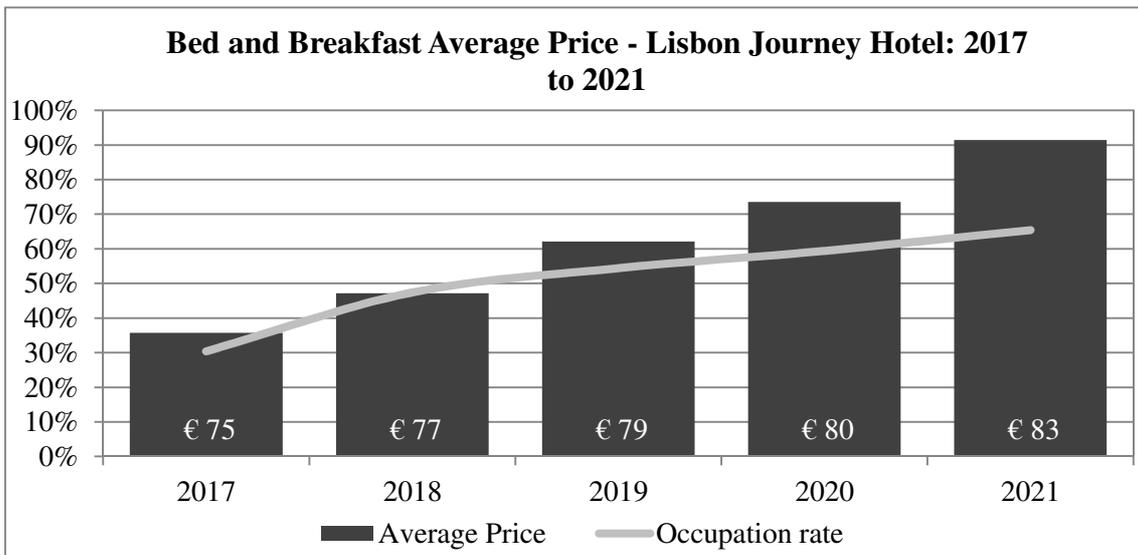
Graph 3 - Bed and Breakfast Average Price - Lisbon Journey Hotel: 2017 to 2021

The following graph shows the price and occupation evolution between 2022 and 2036:

Bed and Breakfast Average Price - Lisbon Journey Hotel: 2022 to 2036

Year	Average Price
2022	€ 84
2023	€ 85
2024	€ 86
2025	€ 86
2026	€ 87
2027	€ 88
2028	€ 89
2029	€ 90
2030	€ 91
2031	€ 92
2032	€ 93
2033	€ 94
2034	€ 95
2035	€ 96
2036	€ 98

Average Price — Occupation rate
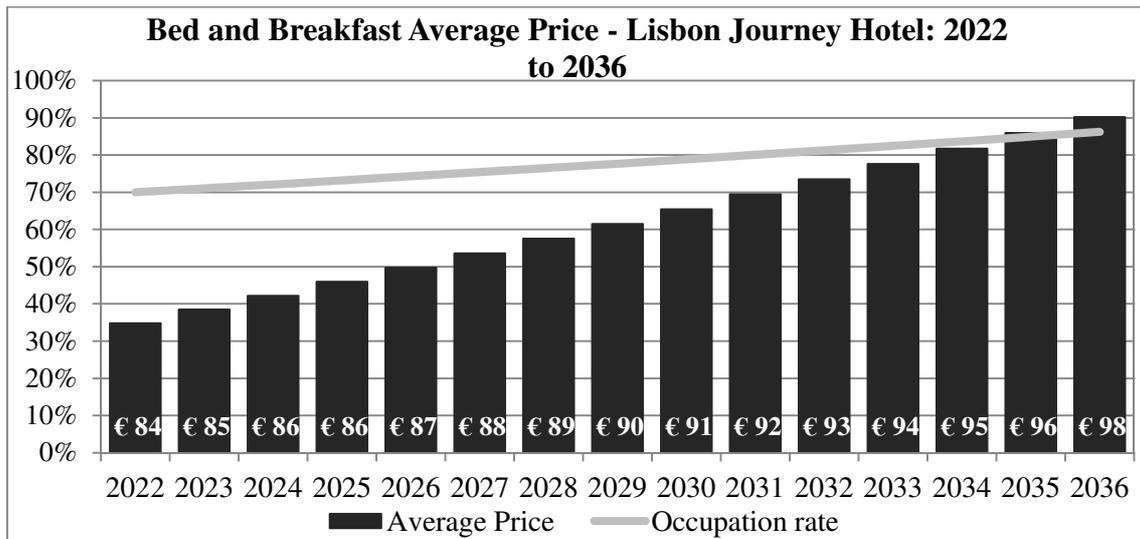
Graph 4 – Bed and Breakfast Average Price – Lisbon Journey hotel: 2022 to 2036

In the annex 73, it can be found the bed and breakfast sales map with the assumptions and calculations. Moreover, in the annex 76, we can find the bed and breakfast sales forecast by origin, i.e. by the way how the reservation was made (through intermediaries or directly): Internet (GDS platforms; OTA's; Own Website); Companies; Traditional Travel Agencies and Tour Operators and Directly. This information will be used to calculate the commissions and other reservation fees.

Besides that, the extra bed revenues are also related to accommodation revenues. To predict these revenues it is essential to identify the double occupancy index. In Lisbon, the guests travel accompanied by 1.7 persons, since commonly the business guests travels alone or books separate rooms when they are traveling with other colleagues. Regarding leisure tourists, they usually travel with 2.24 persons, using extra beds. Thus, for the Hotel it will be considered a double occupancy index of 1.5 (1 for business travelers and 2.1 for leisure travelers). Moreover, as the children with less than 10 years do not pay the extra bed, it was projected a value of 2.5% of the total Bed and Breakfast revenues (Annex 73).

Multipurpose room

The multipurpose room could be booked through four different ways: small room (half day or full day) and full room (half day or full day). For the small room, it was

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estimated an occupation rate of 15%, whereas for the full room it was considered an occupation rate of 10%, being predicted an annual increase of 2% over the years. The prices will rise at the inflation rate (Annex 74).

Parking

The prediction of the parking sales takes into consideration the transportation means used by Lisbon's tourists. According to the *City of Lisbon Motivational Survey 2014* by *the Observatório de Turismo de Lisboa* (Observatório do Turismo de Lisboa, 2015), Lisbon's tourists commonly use plane (69%), however, 24% of them travel by car (private or rented). Thus, considering that Hotel's guests use the same transportation means, the parking spaces sold are expected to be 24% of the room overnight stays. Regarding its price, it will be charged 15 euros by parking space a day (Annex 75).

Other revenues

For this analysis it was considered as other revenues, an amount of 2.5% of the total Hotel's sales.

Sales Forecast Map

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenues (kEUR)										
Bed and Breakfast	865.5	1,378.3	1,625.2	1,815.7	2,055.6	2,224.1	2,282.3	2,348.5	2,403.3	2,466.2
Extra Bed	21.6	34.5	40.6	45.4	51.4	55.6	57.1	58.7	60.1	61.7
Multipurpose Room	43.8	65.6	68.2	70.9	73.7	76.5	79.3	82.3	85.2	88.3
Parking	43.3	67.5	77.4	84.8	93.1	99.6	101.1	102.9	104.2	105.8
Other Revenues	19.5	38.6	45.3	50.4	56.8	61.4	63.0	64.8	66.3	68.0
Total Revenues	993.7	1,584.5	1,856.8	2,067.2	2,330.6	2,517.2	2,582.8	2,657.2	2,719.1	2,789.9
Revenue Structure (%)										
Bed and Breakfast	87%	87%	88%	88%	88%	88%	88%	88%	88%	88%
Extra Bed	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Multipurpose Room	4%	4%	4%	3%	3%	3%	3%	3%	3%	3%
Parking	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Other Revenues	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%

	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Revenues (kEUR)										
Bed and Breakfast	2,530.7	2,604.0	2,664.9	2,734.6	2,806.2	2,887.5	2,954.9	3,032.2	3,111.6	3,201.7
Extra Bed	63.3	65.1	66.6	68.4	70.2	72.2	73.9	75.8	77.8	80.0
Multipurpose Room	91.3	94.5	97.7	100.9	104.2	107.6	112.0	116.6	121.2	125.8
Parking	107.4	109.3	110.6	112.3	113.9	116.0	117.4	119.1	120.9	123.1
Other Revenues	69.8	71.8	73.5	75.4	77.4	79.6	81.5	83.6	85.8	88.3
Total Revenues	2,862.5	2,944.7	3,013.2	3,091.6	3,171.9	3,262.8	3,339.7	3,427.3	3,517.2	3,618.9
Revenue Structure (%)										
Bed and Breakfast	88%	88%	88%	88%	88%	88%	88%	88%	88%	88%
Extra Bed	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Multipurpose Room	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Parking	4%	4%	4%	4%	4%	4%	4%	3%	3%	3%
Other Revenues	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%

Table 18 – Sales Forecast Map

19.3.2.Operational costs

The analysis of the operational costs will be made by cost item: consumed goods (breakfast goods, amenities, cleaning, office stuff); human resources; energy and water; maintenance; telecommunication; safety; accountability; laundry; commissions and reservation fees; Information Technology (IT); promotion, taxes and other expenses.

Cost of Goods Consumed (Annex 80)

- **Food and beverage:** the food and beverage costs are mainly associated with the breakfasts, being estimated a value of 1.75 euros per served breakfast during 2017 and 2018, growing at the inflation rate since then. Regarding to the served breakfasts, they are calculated trough the relation between the room overnight stays and the double occupation index that indicates the number of guests that stays in the hotel per day (Annex 72), assuming that each guest takes breakfast. However, the Hotel also consume food and beverage to provide a meal per working day to their employees being added a value of 0.2 euros to the breakfast cost in order to cover these expenses.

- **Amenities:** each clean room, i.e., each room prepared to receive a guest for one more night, has two shower gels , two shampoos and two hand soaps. For each good it was estimated an unitary cost of 0.20 euros, growing at the inflation rate over the years. To estimate the number of goods consumed, it was used the same calculation as the one for breakfasts' number and also assumed that each guest uses the three.

- **Cleaning:** regarding the cost of cleaning goods, it was estimated an average cost of 0.3 euros by room occupied, growing at the inflation rate over the years.

- **Office material:** it includes paper, cartridges, writing materials used on reception and on the other support departments. It was considered an annual cost of 1,500 euros, growing at the inflation rate over the years and assuming an efficient use of the resources during the analysis period, maintaining the same consuming level of these goods, despite the increase of the Hotels' activity.

- **Other costs:** it was considered a constant value of 1,000 euros to cover extra costs.

Costs of Facilities and Outsourcing Services (Annex 82)

- **Electricity:** in order to calculate the electricity costs, it was estimated a value of 3.5 euros per occupied room, which includes all the electricity costs of the hotel. This value increases at inflation rate over the years.

- **Water:** it was estimated a value per occupied room of 1.05 euros, increasing at the inflation rate during the analysis period.

- **Gas:** regarding to gas, the cost per occupied room were 1.15 euros, also increasing at inflation rate.

- **Telecommunications:** the telecommunication costs were estimated based on the industry expenses (1 euros per occupied room), with an increase of 50% due the investment in a high standing internet service, offering more capacity and speed to customers. Thus, it was predicted a cost of 1.5 euros per occupied room in 2017, increasing at inflation rate since then.

- **Safety:** for safety it was considered a monthly fee of 4,000 euros for a 24 hour monitoring service. The contract will be reviewed annually, being predicted an annual increase at the inflation rate.

- **Accounting:** after analyzing the costs associated with assuring the accounting by an intern team, versus through an outsourcing company, it was concluded that outsourcing is the most advantageous alternative. In order to perform all the accounting functions of a company, this service providers charge a fee which is directly related to the total revenue amount, being on average 0.4% of the total revenues.

- **Laundry:** the Hotel will also outsource the laundry service, being estimated a cost of 0.60 euros per kilogram, which will increase at the inflation rate over the years (Annex 83).

- **Temporary employment agency:** part of the cleaning of the Hotel will be handle internally by two hired housekeeping employees. However, this number of employees is not enough to satisfy the Hotel needs, being necessary to hire an outsourcing company. Moreover, the floor service of the dining room will also be settled through the same outsourcing company. This service will have a cost of 6.45 euros per labor hour, increasing at the inflation rate over the analysis period (Annex 77).

- **Information Technology (IT):** the IT costs are related with the software platforms used by the Hotel. As seen in the point 17.3. Technology, the Hotel will have software for what it needs to pay a monthly fee, such as: exploitation software (*Newhotel Cloud PMS* – Annex 66); distribution software (*e-GDS Channel Manager and IF PMS Channel Manager e-GDS* – Annex 67) and a responsive website with booking engine and *Search Engine Optimization* (*e-GDS CMS Content Management System* – Annex 68).

- **Commissions and other reservation fees:** these costs were estimated based on the sales forecast by origin, i.e. by the way how the Hotel's reservations are made (directly or through intermediaries). The reservations made by guests or contracted companies through direct contact with the hotel (email, phone, over the counter) do not have commissions associated. Regarding the ones made through the Hotel's website booking engine, they have an associated fee of 2% per reservation. On the other hand, the other reservation means have high commissions associated, being estimated: 18.5% for the Online Travel Agencies (OTA) reservations; 10% for the GDS platform reservations and 20% for the reservations made through Traditional Travel Agencies and Tour Operators (Annex 76).

- **Promotion:** promotion costs include the costs with business cards, institutional envelopes and folders, merchandising and an amount for other expenses. Related to the promotion of the Hotel on the OTA's and on the website, they are covered on the commission and IT costs.

- **Maintenance:** regarding to maintenance it was considered a cost of 0.1% of the total revenue amount.

- **Other expenses:** for other services, it was estimated a cost of 0.5% of the total revenue amount.

Payroll (Annex 78)

- **Remuneration:** the staff employed by the Hotel is defined in the Point 15 - Organization, as well as the salary values for each defined position. It is important to note that for the annual payroll costs it was considered 12 months of work plus

2 months of subsidy (Holidays and Christmas). Moreover, each nocturne working hour has an extra cost of 40%.

- **Social Security Tax:** according to the *Código dos Regimes Contributivos do Sistema Previdencial de Segurança Social*, the Portuguese companies need to pay a social security contribution of 23.75% per employee. On the other hand, the employees have a social security tax of 11%.

- **Food allowance:** for the analysis it was considered that all the employees take their meals at the hotel.

- **Labor Medicine and workers' insurance:** it was considered a monthly value of 15€ per each employee hired

- **Training expenses:** it was considered an annually value of 250 euros per hired employee in the first year, due the fact that all the employees need training regarding their position, the Hotel's rules and procedures and the software that they will need to use. For the remaining years it is predicted a cost of 50 euros per hired employee, annually increased at the inflation rate.

- **Other payroll expenses:** it was considered an extra value of 1% of the annual remuneration amount.

19.4. Cash Flow Map

Cash Flow Map (kEUR)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	-2	-1	0	1	2	3	4	5	6	7	8
Financial Resources											
Operational Cash Flow	(0.3)	-	481.6	740.2	892.8	980.4	1,131.2	1,207.0	1,246.5	1,294.8	1,333.2
Desinvestment in WC	-	-	200.6	82.4	0.8	-	20.4	122.7	19.2	20.4	18.2
Residual Value WC	-	-	-	-	-	-	-	-	-	-	-
CAPEX Residual Value	-	-	-	-	-	-	-	-	-	-	-
Financial Needs											
Investment in CAPEX	1,825.8	6,819.2	2,077.7	-	-	33.8	2.9	30.7	34.9	23.7	158.3
Investment in WC	70.0	177.9	-	-	-	6.2	-	-	-	-	-
Cash Flow	**(1,896.0)**	**(6,997.1)**	**(1,395.5)**	**822.6**	**893.6**	**940.4**	**1,148.7**	**1,299.0**	**1,230.7**	**1,291.5**	**1,193.0**
Accumulated Cash Flow	(1,896.0)	(8,893.1)	(10,288.6)	(9,466.0)	(8,572.4)	(7,632.0)	(6,483.3)	(5,184.4)	(3,953.6)	(2,662.2)	(1,469.2)

Cash Flow Map (kEUR)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
	9	10	11	12	13	14	15	16	17	18	19
Financial Resources											
Operational Cash Flow	1,379.5	1,428.2	1,480.3	1,519.3	1,569.8	1,615.9	1,670.3	1,718.8	1,771.6	1,826.2	1,885.0
Desinvestment in WC	28.8	18.5	35.9	10.3	14.5	11.3	13.2	5.0	19.7	17.6	16.7
Residual Value WC	-	-	-	-	-	-	-	-	-	-	(422.3)
CAPEX Residual Value	-	-	-	-	-	-	-	-	-	-	1,821.4
Financial Needs											
Investment in CAPEX	36.1	102.9	-	40.4	-	62.9	72.8	172.8	-	39.8	-
Investment in WC	-	-	-	-	-	-	-	-	-	-	-
Cash Flow	**1,372.3**	**1,343.8**	**1,516.2**	**1,489.2**	**1,584.2**	**1,564.4**	**1,610.7**	**1,551.0**	**1,791.3**	**1,804.0**	**3,300.8**
Accumulated Cash Flow	(96.9)	1,246.9	2,763.1	4,252.3	5,836.5	7,400.9	9,011.6	10,562.7	12,353.9	14,157.9	17,458.7

Table 19 – Cash Flow Map

19.5. Financial Plan

Financial Plan (kEUR)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Origin of Funds	**1,895.8**	**7,127.1**	**2,411.0**	**892.7**	**972.6**	**1,132.7**	**1,349.2**	**1,552.5**	**1,503.6**	**1,570.2**	**1,616.5**
EBITDA	(0.4)	-	441.2	774.9	971.8	1,132.1	1,326.6	1,424.4	1,475.2	1,537.5	1,586.5
Share Capital	1,500.0	-	-	-	-	-	-	-	-	-	-
Other Equity Instuments	396.1	885.8	1,769.2	35.4	-	-	-	-	-	-	-
Real Estate Leasing	-	6,241.3	-	-	-	-	-	-	-	-	-
Short-term Loans	-	-	-	-	-	-	-	-	-	-	-
Desinvestment in WC	-	-	200.6	82.4	0.8	-	20.4	122.7	19.2	20.4	18.2
Financial Incomes	-	-	-	-	-	0.6	2.1	5.5	9.2	12.3	11.8
Application of Funds	**1,895.8**	**7,127.1**	**2,411.0**	**892.7**	**892.7**	**932.9**	**913.8**	**1,067.1**	**1,093.9**	**1,643.6**	**1,880.6**
Investment in WC	70.0	177.9	-	-	-	6.2	-	-	-	-	-
Investment in CAPEX	1,825.8	6,819.2	2,077.7	-	-	33.8	2.9	30.7	34.9	23.7	158.3
Payment of Dividends	-	-	-	-	-	-	-	-	-	535.2	616.3
Reimbursement of Loans	-	-	-	422.2	454.0	488.3	525.0	564.6	607.1	652.9	702.1
Income Tax for the Period	-	-	-	-	-	-	17.6	142.1	163.6	188.3	210.0
Financial Expenses	-	130.0	333.3	470.5	438.7	404.5	367.7	328.1	285.6	239.8	190.6
Short Term Application Expenses	-	-	-	-	-	0.2	0.6	1.6	2.7	3.6	3.4
Annual Treasury Balance	**-**	**-**	**-**	**-**	**79.9**	**199.8**	**435.4**	**485.5**	**409.7**	**(73.4)**	**(264.2)**
Accumulated Treasury Balance	**-**	**-**	**-**	**-**	**79.9**	**279.6**	**715.0**	**1,200.5**	**1,610.2**	**1,536.8**	**1,272.6**
Applications **	**-**	**-**	**-**	**-**	**71.9**	**251.7**	**643.5**	**1,080.5**	**1,449.2**	**1,383.1**	**1,145.4**

Table 20 – Financial Plan – Part 1

Financial Plan (kEUR)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Origin of Funds	**1,684.8**	**1,735.7**	**1,816.1**	**1,845.8**	**1,919.1**	**1,979.8**	**2,055.5**	**2,113.3**	**2,199.3**	**2,272.2**	**2,351.5**
EBITDA	1,646.2	1,708.8	1,775.9	1,826.1	1,891.3	1,950.6	2,020.5	2,082.6	2,150.7	2,221.1	2,296.9
Share Capital	-	-	-	-	-	-	-	-	-	-	-
Other Equity Instuments	-	-	-	-	-	-	-	-	-	-	-
Real Estate Leasing	-	-	-	-	-	-	-	-	-	-	-
Short-term Loans	-	-	-	-	-	-	-	-	-	-	-
Desinvestment in WC	28.8	18.5	35.9	10.3	14.5	11.3	13.2	5.0	19.7	17.6	16.7
Financial Incomes	9.7	8.4	4.2	9.3	13.3	17.8	21.7	25.7	28.8	33.5	37.8
Application of Funds	**1,853.5**	**2,286.1**	**1,152.6**	**1,321.1**	**1,336.4**	**1,464.6**	**1,535.2**	**1,703.7**	**1,593.8**	**1,703.0**	**1,735.9**
Investment in WC	-	-	-	-	-	-	-	-	-	-	-
Investment in CAPEX	36.1	102.9	-	40.4	-	62.9	72.8	172.8	-	39.8	-
Payment of Dividends	687.0	768.6	855.1	969.7	1,008.9	1,059.0	1,104.6	1,159.6	1,207.8	1,261.6	1,317.6
Reimbursement of Loans	755.0	1,070.0	-	-	-	-	-	-	-	-	-
Income Tax for the Period	234.9	261.3	296.3	308.3	323.6	337.5	351.6	363.9	377.6	391.9	407.3
Financial Expenses	137.7	80.8	-	-	-	-	-	-	-	-	-
Short Term Application Expenses	2.8	2.4	1.2	2.7	3.9	5.2	6.3	7.5	8.4	9.7	11.0
Annual Treasury Balance	**(168.8)**	**(550.4)**	**663.5**	**524.6**	**582.6**	**515.2**	**520.3**	**409.7**	**605.5**	**569.2**	**615.6**
Accumulated Treasury Balance	**1,103.9**	**553.5**	**1,217.0**	**1,741.6**	**2,324.2**	**2,839.4**	**3,359.7**	**3,769.3**	**4,374.8**	**4,944.0**	**5,559.6**
Applications **	**993.5**	**498.1**	**1,095.3**	**1,567.4**	**2,091.8**	**2,555.5**	**3,023.7**	**3,392.4**	**3,937.3**	**4,449.6**	**5,003.6**

*** Regarding to Short Term Applications it was considered an interest rate of 0.85%, being applied 90% of the Accumulated Treasury Balance.*

Table 21 - Financial Plan – Part 2

19.6. Income Statement

Income Statement (kEUR)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues	-	-	993.7	1,584.5	1,856.8	2,067.2	2,330.6	2,517.2	2,582.8	2,657.2	2,719.1
Operational Costs											
Consumed Goods	-	-	(50.1)	(76.7)	(88.7)	(97.9)	(108.4)	(117.1)	(120.2)	(123.6)	(126.4)
Costs of Facilities and Outsourcing Services	-	-	(303.0)	(455.1)	(515.6)	(553.4)	(599.0)	(636.9)	(645.4)	(650.7)	(657.4)
Payroll Expenses	-	-	(199.5)	(277.7)	(280.8)	(283.9)	(296.5)	(299.8)	(303.1)	(306.4)	(309.8)
Other Operational Expenses	(0.4)	-	-	-	-	-	-	(39.0)	(39.0)	(39.0)	(39.0)
EBITDA	(0.4)	-	441.2	774.9	971.8	1,132.1	1,326.6	1,424.4	1,475.2	1,537.5	1,586.5
Depreciations	-	-	(620.7)	(620.7)	(620.7)	(457.8)	(457.8)	(458.2)	(458.6)	(458.8)	(460.5)
EBIT	(0.4)	-	(179.6)	154.2	351.0	674.2	868.8	966.2	1,016.6	1,078.7	1,126.1
Interest Incomes	-	-	-	-	-	0.6	2.1	5.5	9.2	12.3	11.8
Interest Expenses	-	(13.1)	(343.9)	(481.1)	(449.3)	(415.3)	(378.9)	(340.3)	(298.9)	(254.0)	(204.7)
Earnings before Taxes	(0.4)	(13.1)	(523.5)	(327.0)	(98.3)	259.6	492.0	631.4	727.0	837.0	933.1
Income Tax for the Period	-	-	-	-	-	-	(17.6)	(142.1)	(163.6)	(188.3)	(210.0)
Net Earnings	(0.4)	(13.1)	(523.5)	(327.0)	(98.3)	259.6	474.4	489.3	563.4	648.7	723.2
Supporting Computations:											
Initial Income Taxable Amount	(0.4)	(13.1)	(523.5)	(327.0)	(98.3)	259.6	492.0	631.4	727.0	837.0	933.1
Accumulated Tax Losses	(0.4)	(13.5)	(537.0)	(863.9)	(962.2)						
Deductible Tax Losses (70%)	(0.3)	(9.4)	(375.9)	(604.8)	(673.5)						
Used Tax Losses						259.6	414.0				
Income Taxable Amount without Tax Losses	-	-	-	-	-	-	78.0	631.4	727.0	837.0	933.1
Derrama Estadual (3%) **	-	-	-	-	-	-	-	-	-	-	-

** The "Derrama Estadual" is just applied if the income taxable amount is higher than 1,500,000 euros, being taxed on the excess.

Table 22 – Income Statment – Part 1

Income Statement (kEUR)	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Revenues	2,789.9	2,862.5	2,944.7	3,013.2	3,091.6	3,171.9	3,262.8	3,339.7	3,427.3	3,517.2	3,618.9
Operational Costs											
Consumed Goods	(129.7)	(133.1)	(136.9)	(140.0)	(143.7)	(147.4)	(151.6)	(155.1)	(159.1)	(163.2)	(167.9)
Costs of Facilities and Outsourcing Services	(661.8)	(665.0)	(672.7)	(684.4)	(690.5)	(704.1)	(717.2)	(724.9)	(736.6)	(748.3)	(765.7)
Payroll Expenses	(313.2)	(316.6)	(320.1)	(323.6)	(327.2)	(330.8)	(334.4)	(338.1)	(341.8)	(345.6)	(349.4)
Other Operational Expenses	(39.0)	(39.0)	(39.0)	(39.0)	(39.0)	(39.0)	(39.0)	(39.0)	(39.0)	(39.0)	(39.0)
EBITDA	1,646.2	1,708.8	1,775.9	1,826.1	1,891.3	1,950.6	2,020.5	2,082.6	2,150.7	2,221.1	2,296.9
Depreciations	(460.8)	(461.9)	(461.9)	(462.4)	(462.4)	(463.0)	(463.8)	(465.6)	(465.6)	(466.0)	(466.0)
EBIT	1,185.4	1,246.8	1,314.0	1,363.8	1,428.9	1,487.6	1,556.8	1,617.0	1,685.1	1,755.1	1,830.9
Interest Incomes	9.7	8.4	4.2	9.3	13.3	17.8	21.7	25.7	28.8	33.5	37.8
Interest Expenses	(151.2)	(93.9)	(1.2)	(2.7)	(3.9)	(5.2)	(6.3)	(7.5)	(8.4)	(9.7)	(11.0)
Earnings before Taxes	1,043.9	1,161.4	1,317.0	1,370.4	1,438.4	1,500.3	1,572.2	1,635.2	1,705.6	1,778.9	1,857.7
Income Tax for the Period	(234.9)	(261.3)	(296.3)	(308.3)	(323.6)	(337.5)	(351.6)	(363.9)	(377.6)	(391.9)	(407.3)
Net Earnings	809.0	900.1	1,020.7	1,062.0	1,114.7	1,162.7	1,220.6	1,271.4	1,328.0	1,387.0	1,450.5
Supporting Computations:											
Initial Income Taxable Amount	1,043.9	1,161.4	1,317.0	1,370.4	1,438.4	1,500.3	1,572.2	1,635.2	1,705.6	1,778.9	1,857.7
Accumulated Tax Losses											
Deductible Tax Losses (70%)											
Used Tax Losses											
Income Taxable Amount without Tax Losses	1,043.9	1,161.4	1,317.0	1,370.4	1,438.4	1,500.3	1,572.2	1,635.2	1,705.6	1,778.9	1,857.7
Derrama Estadual (3%) **	-	-	-	-	-	0.0	2.2	4.1	6.2	8.4	10.7

*** The "Derrama Estadual" is just applied if the income taxable amount is higher than 1,500,000 euros, being taxed on the excess.*

Table 23 – Income Statment – Part 2

19.7.   **Balance Sheet**

Balance Sheet (kEUR)	2015	2016	2017	2018	2019	2020	2021
Assets							
Non-Current Assets							
Tangible Fixed Assets	1,825.8	8,292.3	9,755.8	9,308.1	8,860.5	8,416.2	7,971.4
Intangible Fixed Assets	-	352.7	346.2	173.1	-	20.2	10.1
Current Assets							
Inventory	-	-	2.8	2.8	3.2	3.6	3.9
Clients	-	-	29.7	34.3	42.4	53.2	59.6
Income Taxes	70.0	247.9	73.2	-	-	-	-
Prepaid Expenses	-	116.9	106.2	95.6	85.0	74.4	63.7
Cash and Equivalents	-	-	-	-	79.9	279.6	715.0
Total Assets	**1,895.8**	**9,009.7**	**10,313.9**	**9,613.9**	**9,070.9**	**8,847.2**	**8,823.8**
Equity							
Share Capital	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0
Other Equity Instuments	396.1	1,281.9	3,051.1	3,086.5	3,086.5	3,086.5	3,086.5
Legal Reserves*	-	-	-	-	-	-	-
Retained Earnings	-	(0.4)	(13.5)	(537.0)	(863.9)	(962.2)	(702.6)
Net Earnings	(0.4)	(13.1)	(523.5)	(327.0)	(98.3)	259.6	474.4
Total Equity	**1,895.8**	**2,768.4**	**4,014.1**	**3,722.6**	**3,624.3**	**3,883.9**	**4,358.3**
Liabilities							
Non-Current Liabilities							
Loans	-	6,241.3	5,819.1	5,365.0	4,876.8	4,351.7	3,787.1
Current Liabilities							
Suppliers	-	-	49.6	60.7	69.2	74.4	81.2
Income Taxes	-	-	8.8	11.5	12.4	12.2	32.5
Loans	-	-	422.2	454.0	488.3	525.0	564.6
Total Liabilities	**-**	**6,241.3**	**6,299.8**	**5,891.3**	**5,446.6**	**4,963.3**	**4,465.4**
Difference	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Table 24 - Balance Sheet – Part 1

Balance Sheet (kEUR)	2022	2023	2024	2025	2026	2027	2028
Assets							
Non-Current Assets							
Tangible Fixed Assets	7,554.0	7,109.5	6,684.8	6,393.1	5,946.7	5,598.5	5,147.4
Intangible Fixed Assets	-	20.9	10.5	-	21.6	10.8	-
Current Assets							
Inventory	4.3	4.4	4.5	4.6	4.7	4.8	5.0
Clients	66.1	69.9	76.2	75.9	78.0	84.6	89.4
Income Taxes	-	-	-	-	-	-	-
Prepaid Expenses	53.1	42.5	31.9	21.2	10.6	-	-
Cash and Equivalents	1,200.5	1,610.2	1,536.8	1,272.6	1,103.9	553.5	1,217.0
Total Assets	**8,878.0**	**8,857.4**	**8,344.6**	**7,767.5**	**7,165.6**	**6,252.2**	**6,458.7**
Equity							
Share Capital	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0
Other Equity Instuments	3,086.5	3,086.5	3,086.5	3,086.5	3,086.5	3,086.5	3,086.5
Legal Reserves*	-	-	28.2	60.6	96.8	137.2	182.2
Retained Earnings	(228.2)	261.1	261.1	261.1	261.1	261.1	261.1
Net Earnings	489.3	563.4	648.7	723.2	809.0	900.1	1,020.7
Total Equity	**4,847.6**	**5,411.0**	**5,524.5**	**5,631.4**	**5,753.4**	**5,884.9**	**6,050.5**
Liabilities							
Non-Current Liabilities							
Loans	3,180.0	2,527.1	1,825.0	1,070.0	-	-	-
Current Liabilities							
Suppliers	86.5	87.7	88.5	89.5	90.2	90.7	91.9
Income Taxes	156.8	178.6	204.6	221.6	251.9	276.6	316.3
Loans	607.1	652.9	702.1	755.0	1,070.0	-	-
Total Liabilities	**4,030.4**	**3,446.3**	**2,820.2**	**2,136.1**	**1,412.1**	**367.3**	**408.2**
Difference	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Table 25 – Balance Sheet – Part 2

Balance Sheet (kEUR)	2029	2030	2031	2032	2033	2034	2035	2036
Assets								
Non-Current Assets								
Tangible Fixed Assets	4,703.2	4,252.0	3,863.0	3,448.9	3,167.6	2,713.6	2,263.5	1,809.4
Intangible Fixed Assets	22.3	11.2	-	23.1	11.5	-	23.8	11.9
Current Assets								
Inventory	5.1	5.2	5.4	5.5	5.6	5.8	5.9	6.1
Clients	91.6	95.5	98.1	100.9	106.1	109.0	106.6	109.8
Income Taxes	-	-	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-	-	-
Cash and Equivalents	1,741.6	2,324.2	2,839.4	3,359.7	3,769.3	4,374.8	4,944.0	5,559.6
Total Assets	**6,563.8**	**6,688.1**	**6,805.8**	**6,938.1**	**7,060.3**	**7,203.2**	**7,343.9**	**7,496.8**
Equity								
Share Capital	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0
Other Equity Instuments	3,086.5	3,086.5	3,086.5	3,086.5	3,086.5	3,086.5	3,086.5	3,086.5
Legal Reserves*	233.3	286.4	342.1	400.2	461.3	524.8	591.2	660.6
Retained Earnings	261.1	261.1	261.1	261.1	261.1	261.1	261.1	261.1
Net Earnings	1,062.0	1,114.7	1,162.7	1,220.6	1,271.4	1,328.0	1,387.0	1,450.5
Total Equity	**6,142.9**	**6,248.7**	**6,352.4**	**6,468.5**	**6,580.3**	**6,700.4**	**6,825.8**	**6,958.7**
Liabilities								
Non-Current Liabilities								
Loans	-	-	-	-	-	-	-	-
Current Liabilities								
Suppliers	93.6	94.5	96.6	98.6	99.7	101.5	103.3	105.9
Income Taxes	327.2	344.8	356.8	371.1	380.3	401.3	414.7	432.3
Loans	-	-	-	-	-	-	-	-
Total Liabilities	**420.8**	**439.4**	**453.4**	**469.7**	**480.0**	**502.8**	**518.0**	**538.1**
Difference	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Table 26 – Balance Sheet - Part 3

19.8. Evaluation of the Project

19.8.1. Discount Rate

In order to analyse the economic viability of the investment project it is necessary to discount all the Cash Flows to the same moment, applying a constant discount rate in all years.

The discount rate applied in the evaluation of the project was obtained through the Capital Asset Pricing Model (CAPM), which aggregates the time value of money and the risk for the investors. The risk premium of the project in terms of its economic risk is given by its unlevered beta, since it is considered that the investment in entirely financed by equity.

Regarding to the risk-free rate (rf) it was assumed the coupon rate of the Portuguese Government Bond 2045 (PTOTEBOE0020) with a maturity of 30 years and emitted on February 2015: 4.1%. On the other hand, it was considered the total equity risk premium of Portugal in July of 2015, according to Damodaran: 9.56%.

The unlevered beta considered for the project was the beta of the average equity of the Hotel and Gaming industry, since it is a new project, being considered a beta of 0.76 according to Damodaran data (updated in 5th of January of 2015).

To conclude, the discount rate for the project is 8.25% (Table 13):

Capital Asset Pricing Model (CAPM)	$r = rf + \beta u \ [E(rm)-rf]$ (2)
Unlevered Beta (βu)	0.76
Risk-Free Rate (rf)	4.1%
Market Equity Risk Premium (E(rm))	9.56%
Market Risk Premium (E(rm)-rf)	5.46%
Discount Rate (Ru)	**8.25%**

Table 27 - Capital Asset Pricing Model (CAPM)

19.8.2.Evaluation Indicators (Equity Return Rate)

The business project was evaluated for a period of 20 years, according to the following criteria (Table 14):

Indicators (Ru = 8.25%)	Value
Net Present Value (NPV)	1,007,072 euros
Internal Rate of Return	9,28%
Payback Period (PP)	16 years

Table 28 – Evaluation Indicators for the Investment Project (Ru)

The investment project presents a positive Net Present Value (NPV), showing that it allows the recovery of the investment. At the same time, it remunerates the invested capital and generates a surplus. Thus, based on this indicator the decision is to accept the project.

Furthermore, the Internal Rate of Return (IRR) of the project is higher than the considered discount rate (9.28% vs 8.25%), being the project economically viable. The Payback Period of the project is 16 years.

Despite that, it is important to note that the NPV was calculated assuming that the project is completely financed by equity (Ru = 8.25%), being relevant to analyze the effects of debt on the value of the investment project, since the project will be financed in 42% by equity and 58% through debt. To do this, it will be used the Weighted Average Cost of Capital (WACC), that consist on incorporating the effects of the financing decision by adjusting the discount rate.

19.8.3. Weighted Average Cost of Capital (WACC)

In order to compute the WACC (4), firstly, it is necessary to find the return on equity rate (Re), taking into account the leverage risk of the project. The rate was obtained through the Capital Asset Pricing Model (CAPM) (2), aggregating the time value of money and the risk for the investors. The risk premium of the project in terms of its economic risk is given by its levered beta, since the investment is not entirely financed by equity. Thus, in order to calculate the levered beta (3) was used the following expression, assuming there is no risk associated to the debt:

$$\beta l = \ \beta u \left[1 + (1 - t) \frac{D}{E} \right] \ (3)$$

Regarding to the Return on Debt (Rd) of the financing it was estimate an interest rate of 7.54% for the Real Estate Leasing.

WACC	$WACC = Re * \frac{E}{E+D} + Rd * (1 - t) * \frac{D}{E+D}$ (4)
Debt (D)	€ 6,241,280
Equity (E)	€ 4,452,636
Debt + Equity (D+E)	€ 10,693,916
Corporate Tax (t)	22,5%
Unlevered Beta (βu)	0.76
Levered Beta (βl)	1,18
Risk-Free Rate (rf)	4.1%
Market Equity Risk Premium (E(rm))	9.56%
Market Risk Premium (E(rm)-rf)	5.46%
Return on Equity (Re) – CAPM	**10.5%**
Return on Debt (Rd)	**7,54%**
WACC	**7,80%**

Table 29 - Weighted Average Cost of Capital (WACC)

To conclude, the WACC is 7.80% (Table 27), being lower than the return on equity when the project is entirely financed by equity (Ru = 8.25%).

19.8.4. Evaluation Indicators (WACC)

Analyzing the business project using the WACC, it will be achieved a NPV of **1,490,805 euros**, which is higher than the achieved before, i.e. taking into account the entirely financing through equity (discount rate = return on equity (Ru)). This way, it can be concluded that the investment project is viable, being positive the impact of financing through debt. Moreover, the Payback Period of the project is **15 years**, decreasing with the introduction of debt.

19.9.   Key Performance Indicators

The Hotels' performance indicators are important to evaluate the success of the company during a period of time. These indicators are divided according to the following categories: economic and financial indicators; liquidity indicators and operational indicators (Annex 86).

19.9.1. Economic Indicators

Analyzing the operational efficiency of the Hotel, it shows that the revenues are sufficient to meet the operational expenses as well as its percentage value is increasing over time due to the growth on the occupation rate and on the bed and breakfast prices.

When it comes to the attractiveness of the business, the EBITDA Margin is between 44% and 63%. Regarding the Profit Margin, it is negative in the first three years of exploitation (2017, 2018 and 2019), since the sales revenues are not enough to meet all the expenses of the Hotel. However, it can be observed that the sales revenues are positively contributing for a favorable profit evolution, since the Profit Margin is increasing over time.

19.9.2.Economic-Financial Indicators

Regarding the Return on Investment (ROI), it is negative in the first three years of exploitation, increasing over the years and achieving the 19% in the last year of evaluation. The Return on Assets (ROA) and the Return on Equity present a negative value in 2017, also increasing in the remaining years, presenting 24% and 26%, respectively, in the last year.

Moreover, the Asset Turnover of the investment is always positive and increases in all the analyzed years, achieving 48% in the last years.

19.9.3.Financial Indicators

The Equity Ratio is used to analyze the overall financial strength of a company, showing the proportion of equity used to finance the company's assets. Thus, the greater its value, greater is the financial strength of the Hotel. This ratio increases over the years, showing the financial robustness of the project.

Regarding to the company's Debt-to-Equity Ratio, it can be observed that it decreases over the analyzed years, according to the reduction of Hotel's financial obligations.

19.9.4.Liquidity Indicators

The Current Ratio measures the company's ability to pay back its current liabilities with its current assets. This ratio is lower than 100% only in the first year of activity (2017), being higher than 100% on the remaining years and showing that the Hotel has capacity to meet its short-term liabilities with its current assets.

19.9.5.Operational Indicators

Is should be considered some operational indicators in order to closely follow the evolution of the business and to compare the Hotel with similar industry and competitors indicators in order to improve the level of quality and efficiency. The most used indicators on Lodging Industry are: Occupation Rate and RevPAR. However, it is also important to analyze some other operational indicators: RevPOR, Average Stay,

Double Occupation Index, Employees per occupied room, Operational Costs per occupied room and EBITDA per available room.

19.10. Sensitivity Analysis

In order to assess the robustness of the economic and financial viability of the project it is important to analyse the sensitivity of the project to changes in the most relevant variables. The chosen variables were the bed and breakfast price and the hotel's rate of occupation, since they are the indicators with more impact to the results of any hotel and are variables highly influenced by the external environment. In addition, mostly of the operational cost varies according to an increase or decrease on the occupation, allowing to study this effect too. For the five first years it will be considered the same occupation and price values, since there are strongly supported by every available market analysis of the industry.

Regarding occupation, it was expected an increase of 1.5% a year on the number of occupied rooms between 2022 and 2036, resulting on an average occupation rate of 78%. The table below presents the IRR and the NPV, using the WACC as discount rate, for reduced occupation rates:

Annual Occupation Rate	NPV(WACC)	IRR	PP
55%	€ (528,084)	7,19%	-
63%	€ (81,198)	7,71%	-
70%	€ 658,257	8.49%	17 years
78%	€ 1,490,805	9,28%	15 years
85%	€ 2,102,987	9,81%	15 years

Table 30 – Occupation Rate Sensitivity Analysis

Analysing the different occupation rates we can conclude that if the hotel maintains an occupancy level equal to 70% (predicted occupation for 2022) it will present a positive NPV. Regarding the room price the table below presents the associated sensitivity analysis from changes in the prices between 2022 and 2036:

Price Annual Growth Rate	NPV(WACC)	IRR	PP
-2.5%	€ (763,216)	6,90%	-
-1.0%	€ 98,845	7,91%	18 years
0%	€ 732,923	8.57%	17 years
1.1%	€ 1,490,805	9,28%	15 years
2.5%	€ 2,555,779	10,17%	14 years

Table 31 – Price Sensitivity Analysis

According to results presented in the table, we also can conclude that if the hotel maintains a price level of 84 euros (estimated average price for 2022) between 2022 and 2039, it will present a positive NPV.

Finally, the next table presents a combination of changes of both variables:

NPV(WACC)		Occupation Annual Growth Rate				
		55%	63%	70%	78%	85%
Price Annual Growth Rate	**-2.5%**	€ (2,148,436)	€ (1,838,986)	€ (1,330,757)	€ (763,216)	€ (348.352)
	-1.0%	€ (1,525,371)	€ (1164,024)	€ (568,605)	€ 98,845	€ 588,261
	0%	€ (1,069,925)	€ (732,923)	€ 156	€ 732,923	€ 1,278,052
	1.1%	€ (528,084)	€ (81,198)	€658,257	€ 1,490,805	€ 2,102,987
	2.5%	€ 229,671	€ 734,299	€ 1,594,841	€2,555,779	€ 3,264,650

Table 32 – Scenario Analysis

The most optimistic scenario has an annual average occupancy rate of 85% and an increase on prices of 2.5% between 2022 and 2036, presenting a NPV of 3,264,650 euros. By contrast, the worst scenario has a negative NPV of 2,148,436 euros, in which the initial average occupancy rate is 55% and there is a decrease in prices of 2.5% from 2022.

Regarding to the more central scenario, annual average occupancy rate of 78% and an increase on prices of 1.1% (estimated inflation rate), it presents a NPV of 1,490,805 euros, as seen before.

In addition, it can be seen that, if the price growth rate is negative on 2.5% or more, independently of the occupation rate considered, the project will be not viable since the NPV value is always negative. Instead, if the price growth rate is positive on 2.5% or more, the investment project will be always economically viable for all the measured occupation rates.

19.11.   Decision Tree

In order to measure the risk and the expected NPV of the investment project it will be used the decision tree. This tool offers a different perspective of the risks associated with the different scenarios. Using the scenarios considered before, it is necessary to assign probabilities to each situation. Regarding the price, it was considered it is highly unlikely to have either a growth rate of 2.5% or -2.5%, being defined a probability of 5% for that events. Instead, the most probable options are an increase of 1.1% (expected increase rate for the project) or maintenance of prices, being predicted 40% and 30%, respectively. A decrease of 1.5% has a probability of occurrence of 20%. Besides that, the probabilities associated with each level of the occupancy rate are: 40% for an occupation rate of 78% (expected rate for the project), 30% for an occupation rate of 70% and 15% for an occupation rate of 63%, since they are more likely to happen. Moreover, the most unlikely event is achieve an occupancy rate of 85% (5% of probability), followed by an occupancy rate of 55% (10% of probability).

Taking these assumptions into account it was designed the following decision tree:

Figure 5 – Decision tree
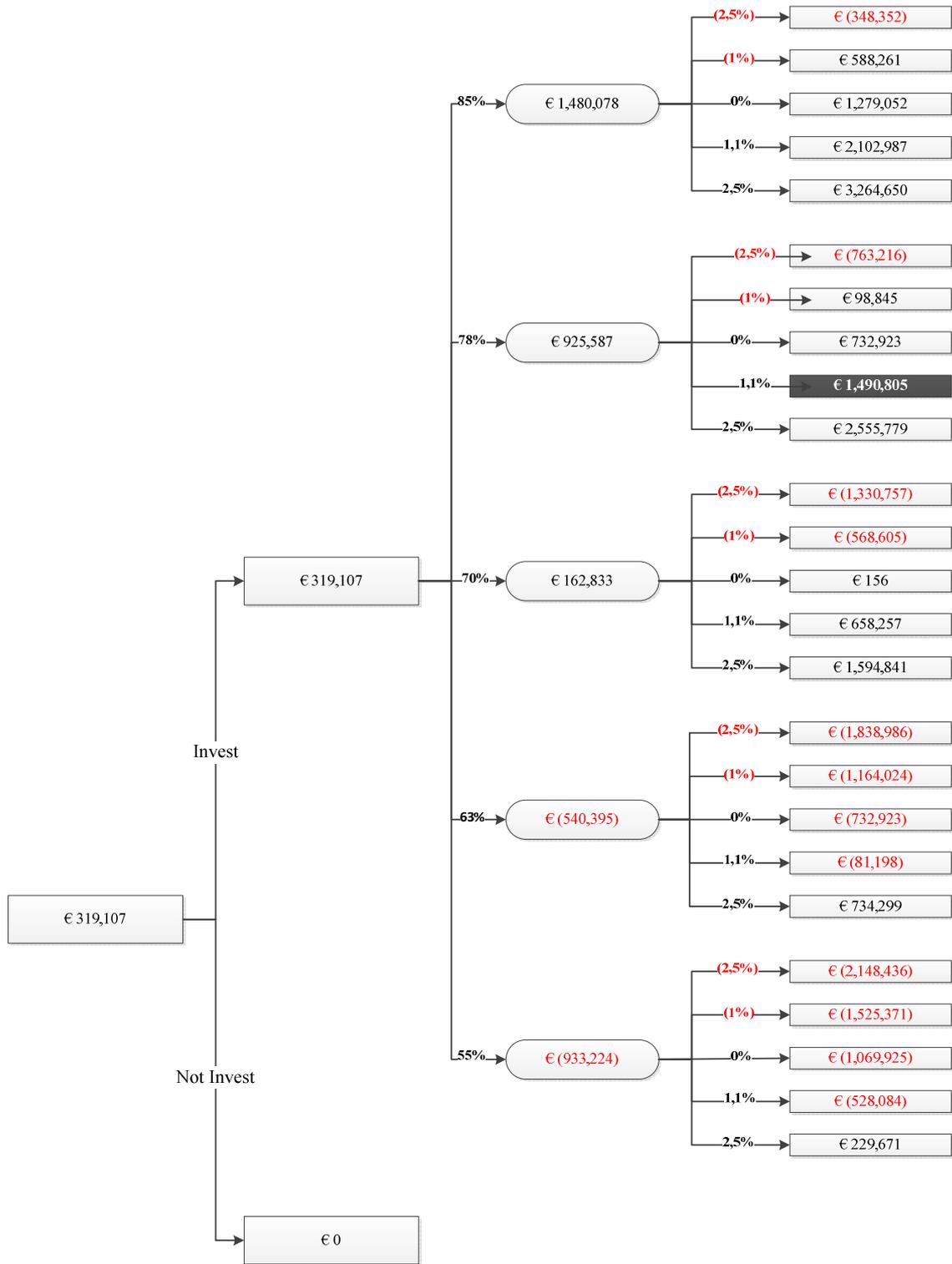
Analyzing the decision tree model, it can be concluded that the decision of investing on the proposed project will have an expected NPV of 319,107 euros, whereas a decision of not investing will not have any cost or gain.

20. Conclusions

Tourism is one of the largest industries in the world, having a huge significance in the development of different countries worldwide. In Portugal, this industry has a great strategic importance due to its capacity for wealth-generation and job-creation, presenting clear competitive advantages. This way, the government and tourism stakeholders has been investing on its innovation and sustainable development.

The tourism in Lisbon is currently experiencing a boom period, being one of the preferred destinations to the City-break and MICE segments. In fact, the city's characteristics allow to its visitors the access and discovery of lot of different experiences, becoming an increasingly demanded city, either for business or leisure tourists. Moreover, the Portuguese capital has a good transport network, being easy to travel through the city by subway, bus, tram, train and other alternative options. Besides this, it also has its airport 7 km from the city center, with connections to several countries, receiving more passengers than any other airport in Portugal. Thus, the number of city's visitors is rising over the years, being the majority foreigner tourists, influencing positively the number of overnight stays in hotels or similar accommodation companies and the industry revenues (there was an increase on the overnight stays of 15% and an increase on the revenues of 15.5% in 2014 when compared to 2013, according to *Turismo de Portugal*), being expected a continuous increase for the next years. Looking ahead, the industry attractiveness and dynamism in Lisbon results in the increase of the hotel supply, being expected to open 16 new hotels units between 2015 and 2017 (majority four and five star hotels), according to *Turismo de Lisboa*.

It should also be noted that companies in the industry opt to exploit existing demand, competing with each other in order to obtain a larger share of the market. However, as the supply increases, earning and growth prospects of each company decreases. Therefore, success in this industry tends to emphasize the relevance of a strategy of leadership in terms of costs, since the products and services are less differentiated and there is little loyalty of the customers, being the price very important in the purchasing decision.

The presented investment project consists in the creation of a centrally located three-star hotel in the city of Lisbon (104 rooms) that offers to customers a good accommodation and breakfast service, by providing a comfortable place to relax and rest at a

competitive price and with free Wi-Fi disposable, having available other services for an additional fee. Regarding to Food and Beverage services, the Hotel will not have any Bar or Restaurant available.

A competitive pricing will be based on a strategy of cost leadership that will put in the center of management focus the optimization of operations and processes, in order to reduce the costs and resources used, being at the same time capable to innovate and follow the new demanding trends. In addition, a very close monitoring of competitors will be implemented to assure the maintenance of a competitive offer. It should also be noted that the hotel offers a prime location, since it is going to be built on *Avenida da Liberdade*, a landmark in the more highlighted commercial and business Lisbon area.

Through the financial and economic analysis, it can be concluded that the project is economically viable, presenting a positive Net Present Value, which means that all the investment is recovered, the shareholders are remunerated at a rate of 10.50% and it even generates a surplus of 1,490,805 euros. Furthermore, the project presents an Internal Rate of Return of 9.28%, being the investment recovered in 15 years.

In addition, the analysis of the performance indicators is favorable, ensuring the success of the Hotel and encouraging the decision of investing in the project.

However, the business plan has some limitations that we should take into account. Firstly, despite the increasingly information about the tourism industry in Lisbon, some of the statistical data is provided with few details, being sometimes contradictory when comparing different analysis. Moreover, for some relevant information, it was just possible to study the data of the entire Metropolitan Region of Lisbon, differing on the results of the city of Lisbon, making possible to take wrong or discrepant conclusions about the demand and supply of the market.

Besides that, as previously mentioned, the motivations and behaviors of the tourist are constantly changing, influencing positively or negatively the tourism demand and the competitor decisions. Thus, it has a huge impact on the future profitability and viability of the project. Through the sensitivity analysis, it could be observed that some changes in the most relevant variables (occupation rate and bed and breakfast price) impact on the economic and financial viability of the present investment project. Thus, a lower average occupancy rate and a decrease on price, lead to an economical unviable project, which would justify the decision of not to invest.

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22. Annexes

Annex 1 - Nights spent in tourism accommodation establishment by type

Nights spent by type of accommodation establishment: EU-28 – 2013 (%)
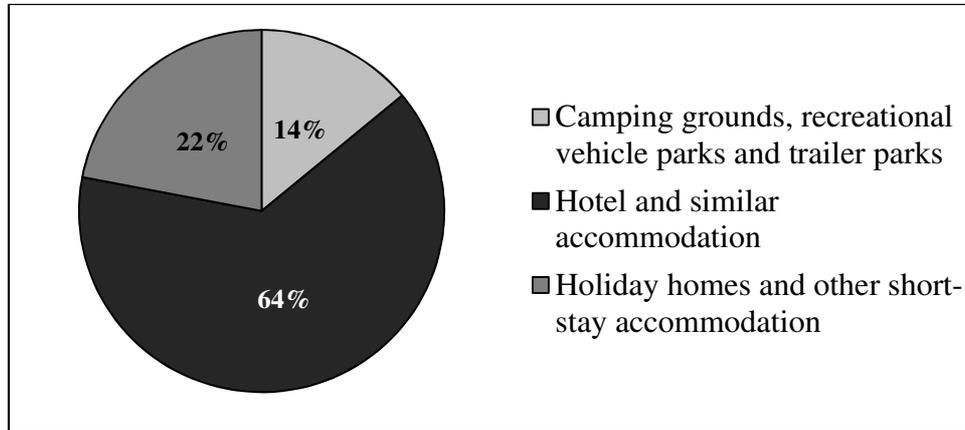
Source: *Eurostat (Statistic Explained)*

Annex 2 – Monthly distribution of the total nights spent in tourist accommodation establishments by type: EU-28

Monthly distribution of the total nights spent in tourist accommodation establishments by type – EU-28 – 2014 (%)
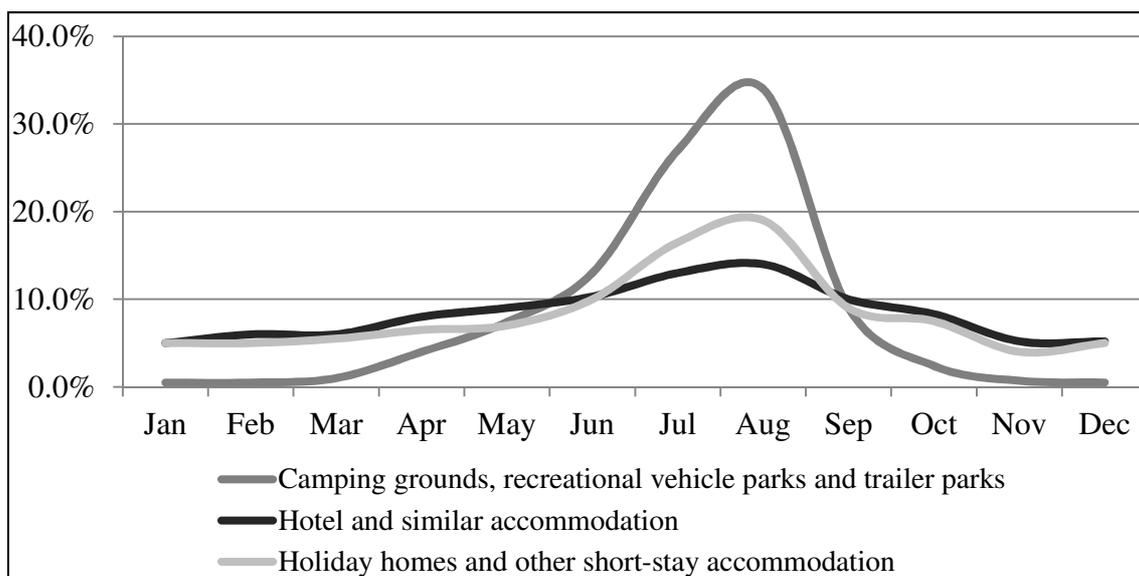
Source: *Eurostat (Statistics Explained)*

Annex 3 – Tourists in Portuguese hotels or similar establishments

Tourists in Portuguese hotels or similar establishments (thousands of individuals)

Year	Total	National	Foreign	Germany	Spain	France	UK	Brazil	Other
2010	**13.537**	*6,705*	*6,832*	729	1,376	575	1,111	374	2,667
2011	**13,993**	*6,581*	*7,412*	740	1,378	659	1,244	498	2,894
2012	**13,845**	*6,161*	*7,685*	813	1,219	741	1,291	455	3,166
2013	**14,431**	*6,107*	*8,324*	907	1,260	832	1,388	530	3,407
2014	**16,092**	*6,776*	*9,316*	984	1,442	1,000	1,580	579	3,730

Source: *Turismo de Portugal and INE*

Annex 4 – Overnight stays in Portuguese hotels or similar establishments

Overnight stays in Portuguese hotels or similar establishments (thousands)

Year	Total	National	Foreign	Germany	Spain	France	UK	Brazil	Other
2010	**37,391**	*13,783*	*23,608*	3,279	3,278	1,619	1,843	5,495	8,094
2011	**39,440**	*13,437*	*26,003*	3,392	3,445	1,931	1,993	6,259	8,983
2012	**39,681**	*12,424*	*27,257*	3,685	3,077	2,225	2,137	6,422	9,711
2013	**41,570**	*12,210*	*29,360*	4,274	3,216	2,691	2,199	7,101	9,879
2014	**46,148**	*13,800*	*32,348*	4,418	3,552	3,001	2,101	7,719	11,557

Source: *Turismo de Portugal and INE*

Annex 5 – Tourists in hotels or similar establishments in Lisbon

Tourists in hotels or similar establishments in Lisbon: National and Foreign (thousands)

Year	Total	National	Foreign	Germany	Spain	France	UK	Brazil	Other
2010	**3,960**	*1,499*	*2,461*	531	213	198	224	168	170
2011	**4,042**	*1,456*	*2,586*	485	239	202	286	177	171
2012	**4,132**	*1,415*	*2,717*	440	266	215	289	184	190
2013	**4,330**	*1,400*	*2,930*	432	308	242	302	189	206
2014	**4,899**	*1,563*	*3,336*	480	392	273	327	237	211

Source: *Turismo de Portugal and INE*

Annex 6 – Overnight stays in hotels or similar establishments in Lisbon

Overnight stays in hotels or similar establishments in Lisbon (thousands)

Year	Total	National	Foreign	Spain	France	Germany	Brazil	UK	USA
2010	8,638	*2,623*	*6,015*	1,266	503	517	535	415	358
2011	9,044	*2,589*	*6,454*	1,197	588	528	646	536	366
2012	9,472	*2,483*	*6,989*	1,072	675	597	727	471	410
2013	10,067	*2,460*	*7,606*	1,050	785	696	761	493	460
2014	11,545	*2,783*	*8,761*	1,167	1,025	784	834	651	464

Source: *Turismo de Portugal and INE*

Annex 7 – Gross Domestic Product Rate

Gross Domestic Product Rate (Growth rate %)

Year	Portugal	Spain	France	Germany	UK	Brazil
2010	**1,9%**	0,0%	2,0%	4,1%	1,9%	7,6%
2011	**-1,8%**	-0,6%	2,1%	3,6%	1,6%	3,9%
2012	**-4,0%**	-2,1%	0,2%	0,4%	0,7%	1,8%
2013	**-1,6%**	-1,2%	0,7%	0,1%	1,7%	2,7%
2014	**0,9%**	1,4%	0,2%	1,6%	2,6%	0,1%
2015 f	**1,7%**	3,1%	1,2%	1,6%	2,4%	-1,5%
2016 p	**1,9%**	2,5%	1,5%	1,7%	2,2%	0,7%

Source: *The World Bank, International Monetary Fund and Eurostat*

Annex 8 – Gross Domestic Product per capita

Gross Domestic Product per capita (Current USD)

Year	Portugal	Spain	France	Germany	UK	Brazil
2010	**22,540**	30,738	40,709	41,726	38,362	11,318
2011	**23,195**	31,973	43,811	45,868	40,975	13,279
2012	**20,577**	28,985	40,853	43,932	41,051	12,148
2013	**21,508**	29,881	42,631	46,255	41,777	11,939
2014	**22,081**	30,262	42,736	47,627	45,603	11,613
2015 p	**22,456**	31,200	43,249	48,389	46,697	11,439
2016 p	**22,883**	31,980	43,898	49,212	47,725	11,519

Source: *The World Bank, IMF and OECD National Accounts data files*

Annex 9 – Gross National Disposable Income per Capita

Gross National Disposable Income per Capita (PPP in current international USD)

Year	Portugal	Spain	France	Germany	UK	Brazil
2010	**25,990**	31,900	36,600	40,390	36,320	14,130
2011	**26,370**	32,120	38,190	43,160	36,970	14,850
2012	**26,350**	32,490	37,920	44,670	37,270	15,300
2013	**27,240**	32,860	38,200	45,020	37,900	15,790
2014	**28,010**	32,860	39,720	46,840	38,370	15,900
Δ 2014/2005	*29%*	*20%*	*29%*	*44%*	*9%*	*50%*

Source: *The World Bank, International Comparison Program Database*

Annex 10 – Travel and Tourism Balance: Portugal

Travel and Tourism Balance: Portugal (million Euros)

Year	Current Account Balance	Travel and Tourism Balance		
		Balance	Exportations	Importations
2010	**-12,804**	4,648	7,601	2,953
2011	**-6,487**	5,172	8,146	2,974
2012	**-0,185**	5,660	8,606	2,946
2013	**2,953**	6,130	9,250	3,120
2014	**1,982**	7,076	10,394	3,318

Source: *Banco de Portugal – Balance of Payments Statistics*

Annex 11 – Current Account Balance

Current Account Balance (BoP, million current USD)

Year	Portugal	Spain	France	Germany	UK	Brazil
2010	**-24,215**	-62,498	-22,034	193,326	-63,006	-47,273
2011	**-16,792**	-53,955	-29,490	227,935	-43,144	-52,480
2012	**-4,359**	-16,295	-41,720	240,862	-97,822	-54,246
2013	**1,160**	10,668	-40,213	242,325	-120,215	-81,108
2014	**-**	-	-28,945	290,325	-161,404	-103,981

Source: *The World Bank, International Comparison Program Database*

Annex 12 – Inflation Rate of consumer prices (annual %)

Inflation Rate of consumer prices (annual %)

Year	Portugal	Spain	France	Germany	UK	Brazil
2010	**2.3**	3.4	1.7	1.5	2.0	5.0
2011	**2.7**	3.5	1.7	1.6	2.3	6.6
2012	**2.8**	2.8	1.5	2.3	2.3	5.4
2013	**2.6**	4.1	2.8	2.6	3.6	6.2
2014	**-0.8**	-0.3	0.1	0.3	2.2	6.3

Source: *International Monetary Fund, International Financial Statistics*

Annex 13 – Exchange Rate EUR/GBP

Evolution of the Exchange Rate EUR/GBP at 18/07/2015

Source: *Finance Yahoo – EUR/GBP*

Annex 14 – Exchange Rate EUR/USD

Evolution of the Exchange Rate EUR/USD at 18/07/2015
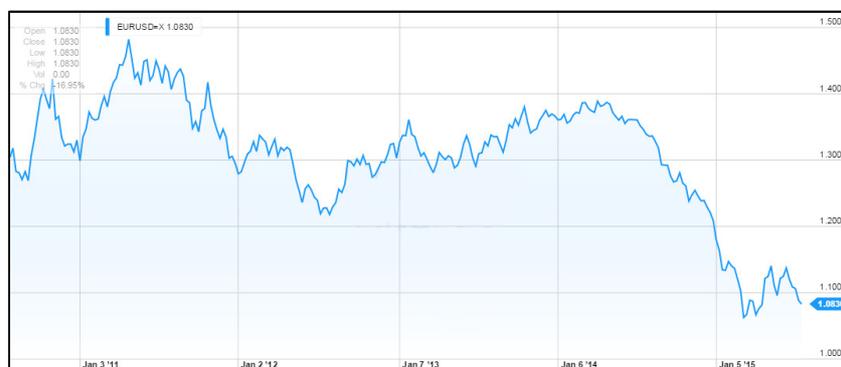
Source: *Finance Yahoo – EUR/USD*

Annex 15 – Exchange Rate EUR/BRL

Evolution of the Exchange Rate EUR/BRL at 18/07/2015

Source: *Finance Yahoo – EUR/BRL*

Annex 16 – Key European Central Bank (ECB) interest rates

Key European Central Bank (ECB) interest rates

Year	Day	Deposit Facility	Main refinancing operations	
			Fixed rate	**Variable rate**
2014	10 Sep.	-0,20	0,05	X
	11 Jun.	-0,10	0,15	X
2013	13 Nov.	0,00	0,25	X
	8 May	0,00	0,50	X
2012	11 Jul.	0,00	0,75	X
2011	14 Dec.	0,25	1,00	X
	9 Nov.	0,50	1,25	X
	13 Jul.	0,75	1,50	X
	13 Abr.	0,50	1,25	X
2009	13 May	0,25	1,00	X
	8 Abr.	0,25	1,25	X
	11 Mar.	0,50	1,50	X
	21 Jan.	1,00	2,00	X
2008	10 Dec.	2,00	2,50	X
	12 Nov.	2,75	3,25	X
	15 Oct.	3,25	3,75	X
	9 Oct.	3,25	x	X
	8 Oct.	2,75	x	X
	9 Jul.	3,25	x	4,25

Source: *European Central Bank*

Annex 17 – EURIBOR rates

	01-02-2015	01-02-2014	01-02-2013	01-02-2012	01-03-2011
Euribor – 1 week	**-0.020%**	0.183%	0.080%	0.652%	0.590%
Euribor – 2 weeks	**-0.011%**	0.194%	0.088%	0.738%	0.641%
Euribor – 1 month	**0.016%**	0.214%	0.109%	1.005%	0.774%
Euribor – 2 months	**0.044%**	0.251%	0.150%	1.165%	0.876%
Euribor – 3 months	**0.076%**	0.284%	0.188%	1.343%	1.001%
Euribor – 6 months	**0.169%**	0.387%	0.319%	1.606%	1.224%
Euribor – 9 months	**0.243%**	0.478%	0.433%	1.782%	1.369%
Euribor – 12 months	**0.323%**	0.555%	0.543%	1.937%	1.504%

Source: *euribor-rates.eu*

Annex 18 – Unemployment Rate

Unemployment Rate (annual %)

Year	Portugal	Spain	France	Germany	UK	Brazil
2010	**10.8**	19.9	9.3	7.1	7.8	6.7
2011	**12.7**	21.4	9.2	5.8	8.0	6.0
2012	**15.5**	24.8	9.8	5.4	7.9	5.5
2013	**16.2**	26.1	9.9	5.2	7.5	5.4
2014	**13.9**	24.4	9.9	5.0	6.1	4.8

Source: *Eurostat; National Statistic Institutes from the studied countries; Instituto Brasileiro de Geografia e Estatística (IBGE)*

Annex 19 – Number of Inhabitants on 1st January

Number of Inhabitants on 1st January (thousands of individuals)

Year	Portugal	Spain	France	Germany	UK	Brazil
2010	**10,573**	46,486	64,658	81,802	62,510	190,755
2011	**10,572**	46,667	64,978	81,751	63,022	192,472
2012	**10,542**	46,818	65,276	80,327	63,495	194,204
2013	**10,487**	46,727	65,560	80,523	63,905	195,952
2014	**10,427**	46,512	65,835	80,767	64,351	197,520
2015 f	**10,374**	46,439	66,352	81,174	64,767	199,100

Source: *Eurostat; National Statistic Institutes from the studied countries; Instituto Brasileiro de Geografia e Estatística (IBGE)*

Annex 20 – Annual population growth

Annual population growth (%)
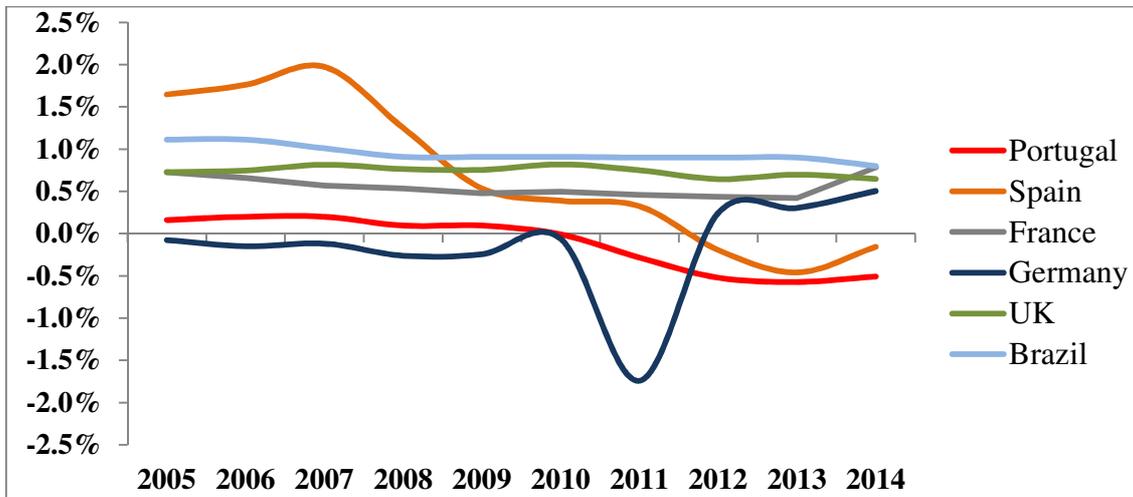
Source: *Eurostat; National Statistic Institutes from the studied countries; Instituto Brasileiro de Geografia e Estatística (IBGE)*

Annex 21 – Crude Birth Rate: European countries

Crude Birth Rate: European countries (%)

Year	Portugal	Spain	France	Germany	UK
2010	**9.6**	10.4	12.9	8.3	12.9
2011	**9.2**	10.1	12.7	8.2	12.8
2012	**8.5**	9.7	12.6	8.4	12.8
2013	**7.9**	9.1	12.4	8.5	12.1

Source: *Eurostat and National Statistic Institutes from the studied countries*

Annex 22 – Crude Death Rate: European countries

Crude Death Rate: European countries (%)

Year	Portugal	Spain	France	Germany	UK
2010	**10.0**	**8.2**	**8.5**	**10.5**	**8.9**
2011	**9.7**	**8.3**	**8.4**	**10.5**	**8.7**
2012	**10.2**	**8.6**	**8.7**	**10.8**	**8.9**
2013	**10.2**	**8.3**	**8.7**	**11.1**	**9.0**

Source: *Eurostat and National Statistic Institutes from the studied countries*

Annex 23 – Life expectancy at birth: European countries

Life expectancy at birth: European countries (in years)

Year	Portugal	Spain	France	Germany	UK
2005	**78.2**	80.3	80.3	79.4	79.2
2009	**79.7**	81.9	81.5	80.3	80.4
2013	**80.9**	83.2	82.4	80.9	81.0
Δ 2013-2005	*+ 2,7*	*+ 2,9*	*+ 2,1*	*+ 1,5*	*+ 1,8*

Source: *Eurostat and National Statistic Institutes from the studied countries*

Annex 24 – Size of Families: European countries

Size of Families: European countries (in number of individuals)

Year	Portugal	Spain	France	Germany	UK
2010	**2.7**	2.6	2.3	2.1	2.3
2011	**2.6**	2.6	2.3	2.0	2.3
2012	**2.6**	2.6	2.3	2.0	2.3
2013	**2.6**	2.5	2.2	2.0	2.3
Δ 2013-2005	*- 0.2*	*-0.2*	*-0.1*	*-0.1*	*-*

Source: *Eurostat and National Statistic Institutes from the studied countries*

Annex 25 – Average age of women at birth of first child: European countries

Average age of women at birth of first child: European countries (in years)

Year	Portugal	Spain	France	Germany	UK
2010	**29.8**	31.2	30.0	30.4	29.5
2011	**30.1**	31.4	30.0	30.5	29.7
2012	**30.2**	31.6	30.1	30.6	29.8
2013	**30.4**	31.7	30.2	30.8	30.0
2013-2005	*+1.1*	*+0.8*	*+0.5*	*+1.3*	*+0.9*

Source: *Eurostat and National Statistic Institutes from the studied countries*

Annex 26 – Population Pyramid Graph

1. Population Pyramid Graph (2015 vs 2020): Brazil
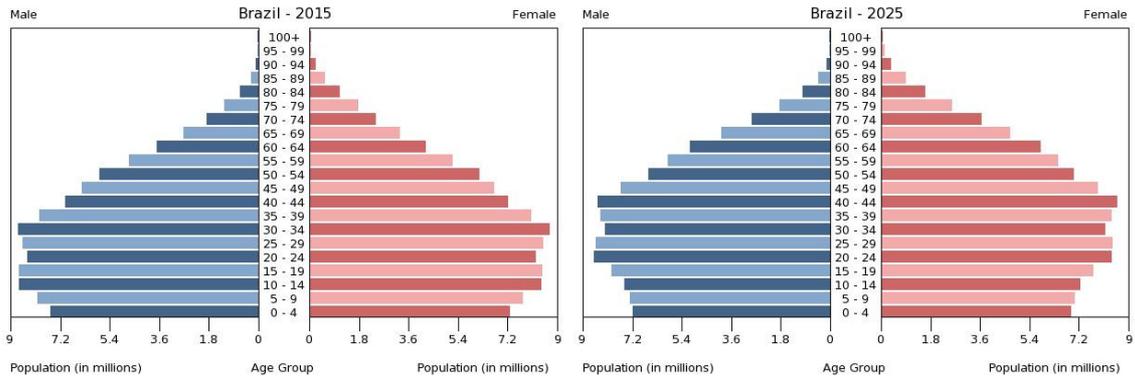
2. Population Pyramid Graph (comparative between 2015 and 2020): France
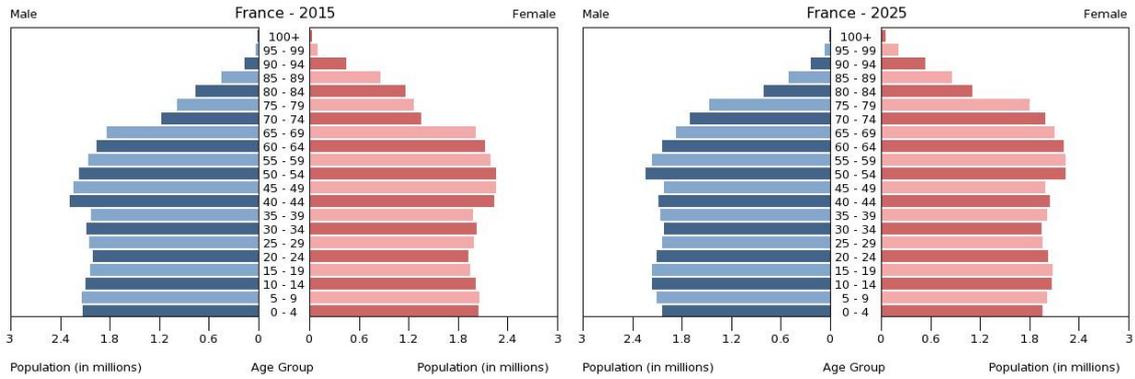
3. Population Pyramid Graph (comparative between 2015 and 2020): Germany
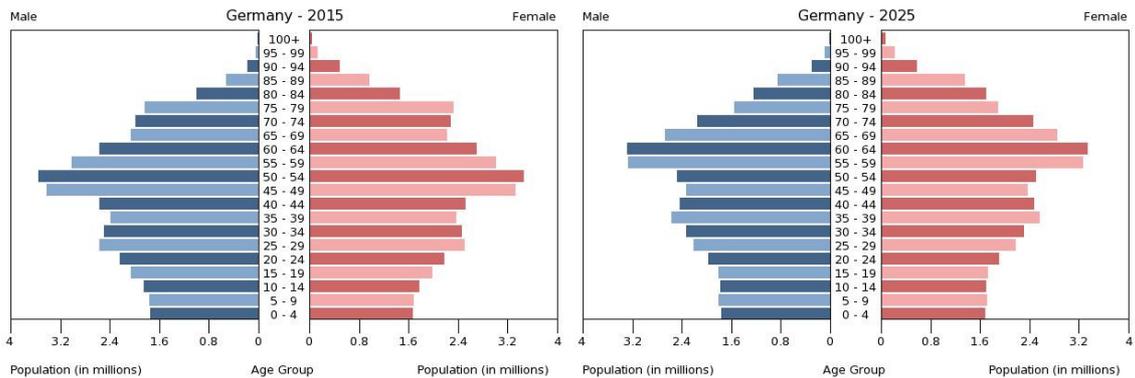
4. Population Pyramid Graph (comparative between 2015 and 2020): United Kingdom
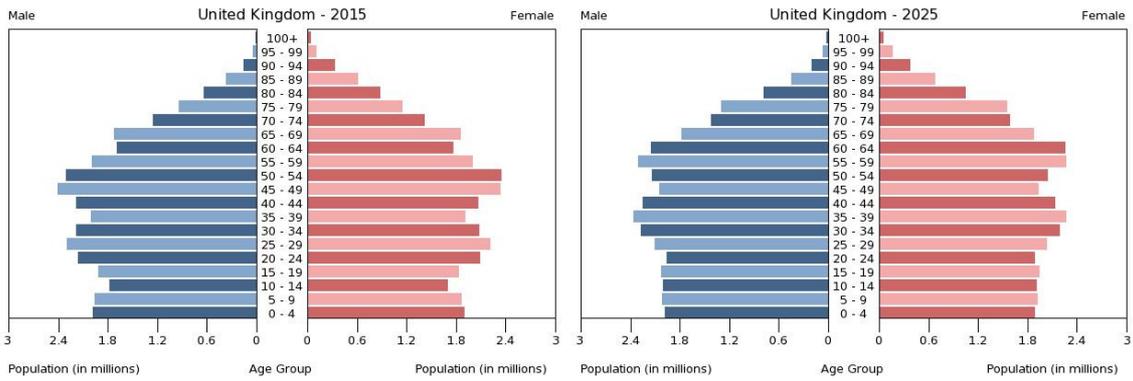
5. Population Pyramid Graph (comparative between 2015 and 2020): Portugal
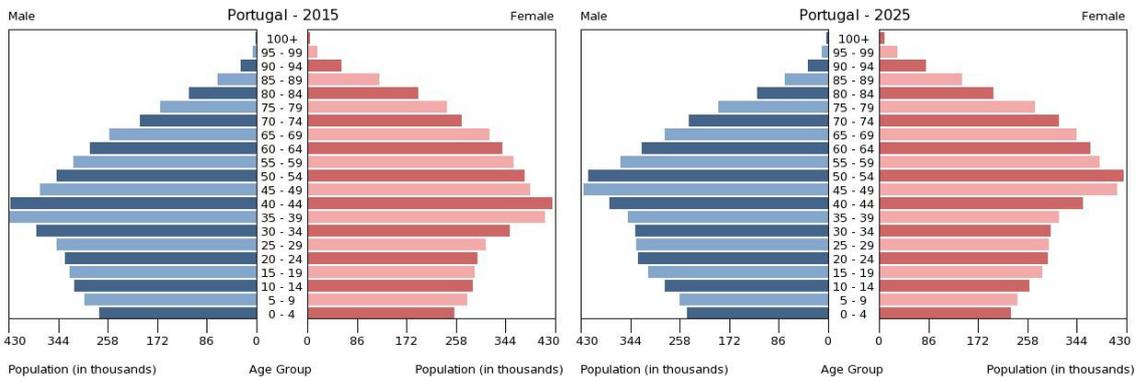
6. Population Pyramid Graph (comparative between 2015 and 2020): Spain
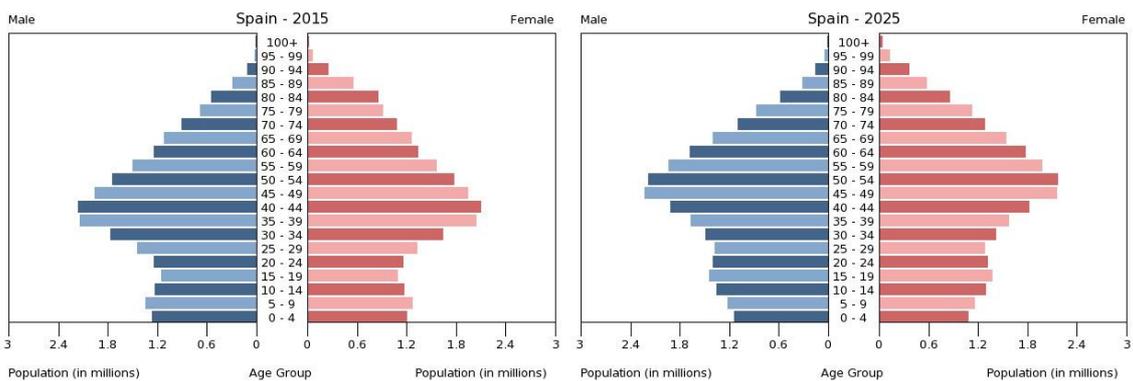
Source: *United States Census Bureau (www.census.gov)*

Annex 27 – Final Consumption Expenditure of Households

Final Consumption Expenditure of Households (constant 2015 million USD)

Year	Portugal	Spain	France	Germany	UK	Brazil
2010	133,970	686,742	1.305,516	1.694,393	1.575,476	713,008
2011	129,141	672,809	1.311,718	1.733,025	1.571,845	746,947
2012	122,047	653,152	1.308,858	1.744,547	1.589,533	776,079
2013	120,224	638,209	1.313,719	1.758,780	1.616,363	798,418
2014	122,816	653,680	1.322,068	1.778,774	1.648,813	805,521

Source: *World Bank national accounts data, and OECD National Accounts data files*

Annex 28 – Consumption Expenditure of Households – Restaurants and Hotels

Consumption Expenditure of Households – Restaurants and Hotels (% of the total consumption)
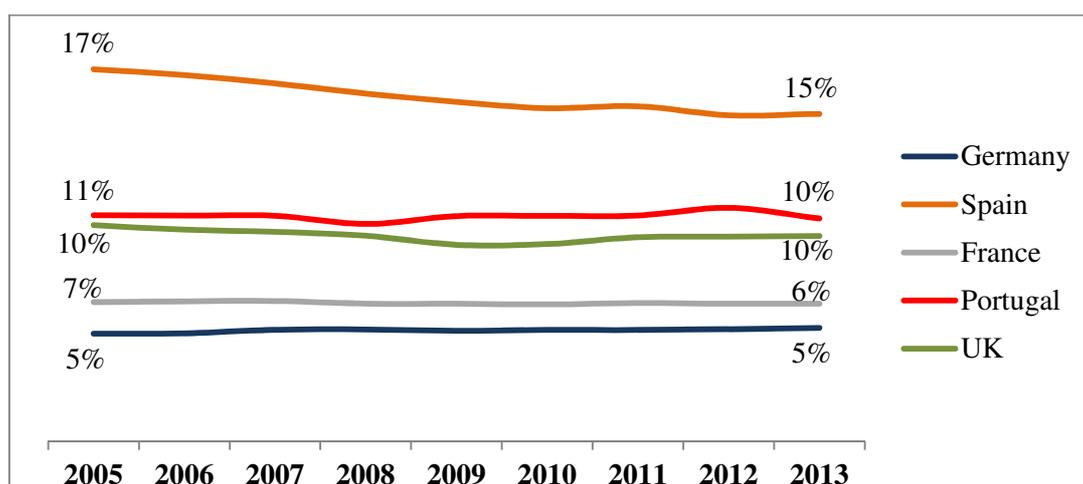
Source: *Eurostat and National Statistic Institutes from the studied countries*

Annex 29 – Accommodation Establishments in Portugal by typology

1. Number of Accommodation Establishments in Portugal by typology

Year	Total	Hotels	5*	4*	3*	2* & 1*	Aparthotels and Inns	Resorts and Guesthouses
2010	2011	771	64	267	292	148	1019	221
2011	2019	873	73	294	306	200	922	224
2012	2028	988	74	317	331	266	800	240
2013	2008	1039	90	327	339	283	733	236
2014	2048	1121	96	352	356	317	731	242

Source: *Turismo de Portugal and INE*

2. Capacity of Accommodation Establishments in Portugal by typology (number of rooms)

Year	Total	Hotels	5*	4*	3*	2* & 1*	Aparthotels and Inns	Resorts and Guesthouses
2010	124.542	71.913	11.697	32.342	20.653	7.221	35.353	17.276
2011	128.336	76.698	12.998	34.051	21.038	8.611	33.786	17.852
2012	131.357	79.679	12.445	35.479	21.521	10.234	31.393	20.285
2013	132.331	83.336	14.916	36.158	21.698	10.564	29.097	19.898
2014	137.040	87.984	16.032	37.730	22.906	11.316	28.502	20.554

Source: *Turismo de Portugal and INE*

3. Capacity of Accommodation Establishments in Portugal by typology (number of beds)

Year	Total	Hotels	5*	4*	3*	2* & 1*	Aparthotels and Inns	Resorts and Guesthouses
2010	279.506	149.347	23.947	67.630	42.924	14.846	82.054	48.105
2011	289.107	160.981	27.450	71.861	43.501	18.169	79.771	48.355
2012	296.321	166.106	25.403	75.446	44.083	21.174	76.551	53.664
2013	297.962	173.802	30.236	76.267	45.269	22.030	71.889	52.271
2014	309.195	184.825	33.688	79.988	47.901	23.248	70.904	53.466

Source: *Turismo de Portugal and INE*

Annex 30 – Accommodation Establishments in Portugal by Geographical Region

Accommodation Establishments in Portugal by Geographical Region: 2014 (%)
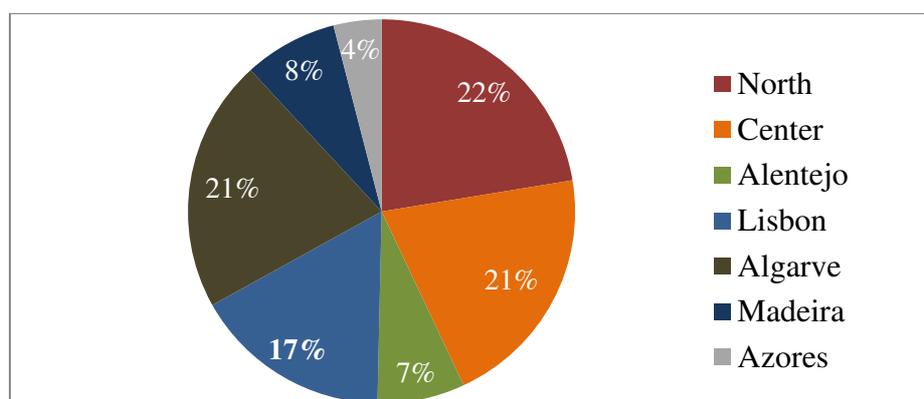
Source: *Turismo de Portugal and INE*

Annex 31 – Overnight stays in Portuguese hotels or similar establishments by Geographical Region

Overnight stays in Portuguese hotels or similar establishments by Geographical Region: 2014 (%)
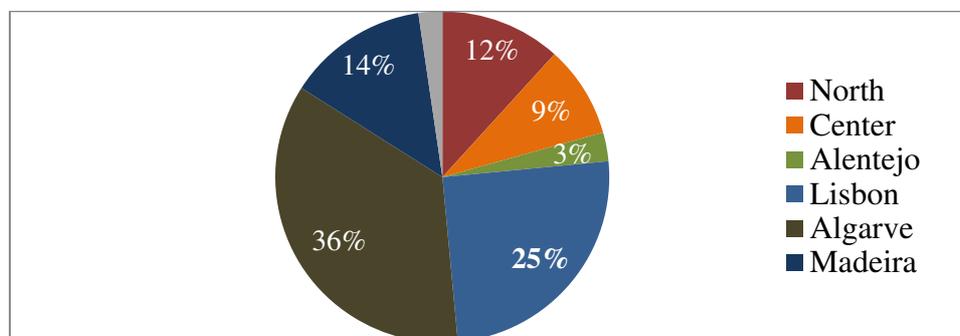
Source: *Turismo de Portugal and INE*

Annex 32 – Average Stay in Portuguese hotels or similar establishments

Average Stay in days

Year	Total	National	Foreign
2010	**2.8**	2.1	3.5
2014	**2.9**	2.0	3.5

Source: *INE - Annual surveys about the guest stays in hotels and similar establishments*

Annex 33 – Occupation Rate in Portuguese hotels or similar establishments

Bed Occupation Rate in Portuguese hotels or similar establishments (%)

Year	Total	Hotels	5*	4*	3*	2* & 1*	Aparthotels and Inns	Resorts and Guesthouses
2010	**50.9**	51.0	*48.5*	*52.9*	*50.3*	-	49.1	-
2011	**51.9**	51.7	*51.1*	*54.4*	*49.3*	-	52.3	-
2012	**41.2**	43.5	*47.4*	*45.5*	*39.7*	-	42.8	-
2013	**43.5**	44.8	*47.1*	*47.9*	*40.0*	-	45.3	-
2014	**45.6**	48.0	*51.5*	*50.8*	*42.3*	-	48.9	-

Source: *Turismo de Portugal* and INE

Annex 34 – Bed Occupation Rate in Portuguese hotels or similar establishments by Geographical Region

Bed Occupation Rate by Geographical Region: 2014 (%)
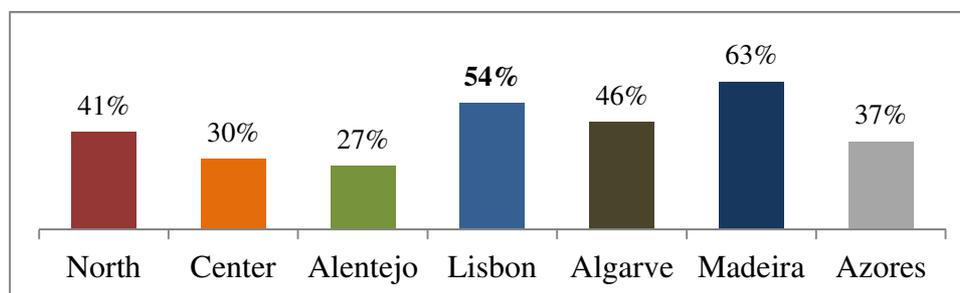
Source: *Turismo de Portugal* and INE

Annex 35 – Revenues of Portuguese hotels or similar establishments

Total Revenues of Portuguese hotels or similar establishments (million Euros)

Year	Total	Hotels	5*	4*	3*	2* & 1*	Aparthotels and Inns	Resorts and Guesthouses
2010	1,808	1,267	396	564	241	-	242	143
2011	1,910	1,356	450	596	236	-	251	161
2012	1,857	1,327	440	599	213	-	253	170
2013	1,958	1,418	510	616	210	-	263	177
2014	2,204	1,612	586	689	244	-	287	207

Source: *Turismo de Portugal* and INE

Revenues of Portuguese hotels or similar establishments by typology (million Euros)

Year	Total	Lodging	Others
2010	1,808	1,226	582
2011	1,910	1,311	599
2012	1,857	1,290	567
2013	1,958	1,373	585
2014	2,204	1,555	649

Source: *Turismo de Portugal* and INE

Annex 36 – Revenues of Portuguese hotels or similar establishments by Geographical Region

Revenues by geographical Region: 2014 (%)
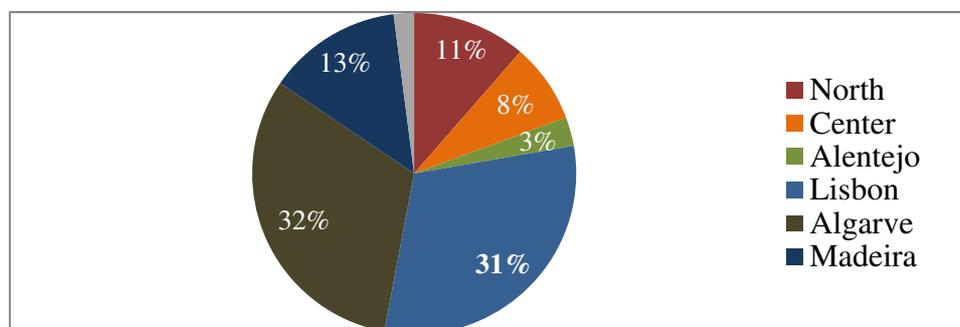
Source: *Turismo de Portugal* and INE

Annex 37 – RevPar of Portuguese hotels or similar establishments

RevPar of Portuguese hotels or similar establishments (Euros)

Year	Total	Hotels	5*	4*	3*	2* & 1*	Aparthotels and Inns	Resorts and Guesthouses
2010	**32.5**	33.2	*55.4*	*33.3*	*24.8*	-	33.3	-
2011	**32.8**	33.5	*59.2*	*33.2*	*24.1*	-	35.9	-
2012	**28.6**	31.8	*58.8*	*32.6*	*21.3*	-	35.1	-
2013	**30.2**	33.3	*61.0*	*33.7*	*21.4*	-	36.9	23.6
2014	**33.1**	36.4	*65.0*	*36.9*	*23.8*	-	38.8	25.6

Source: *Turismo de Portugal* and *INE*

Annex 38 – RevPar of Portuguese hotels or similar establishments by Geographical Region

RevPar by Geographical Region: 2014 (Euros)
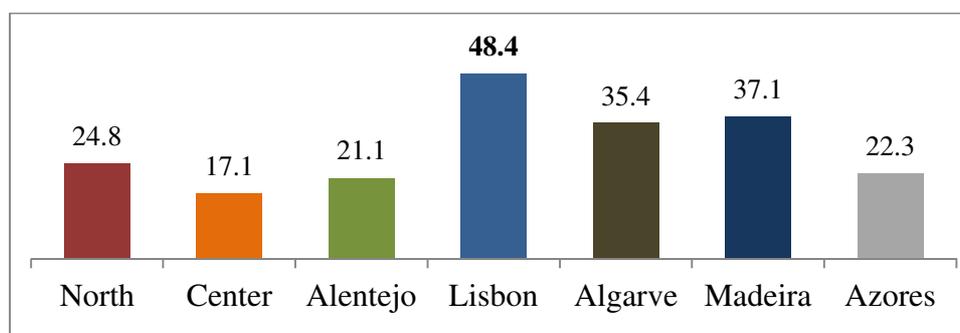
Source: *Turismo de Portugal* and INE

Annex 39 – Flow of passengers in Portuguese Airports

Flow of passengers in Portuguese Airports (thousands of passengers)

Airport	2014	2013	Δ 2014/2013
Oporto	3,418	3,150	*+268*
Lisbon	9,085	7,992	*+1,093*
Faro	3,053	2,963	*+90*
Azores	473	443	*+30*
Madeira	1,270	1,221	*+49*

Source: *Turismo de Portugal* and *ANA-Aeroportos de Portugal*

Annex 40 – Overnight stays in hotels or similar establishments in Metropolitan Area of Lisbon by typology

Number Overnight stays by typology (thousands)

Year	Total	Hotels	5*	4*	3*	2* & 1*	Aparthotels and Inns	Resorts and Guesthouses
2010	8,620	6,905	*1,239*	*3,379*	*1,777*	*511*	471	164
2011	9,027	7,380	*1,390*	*3,570*	*1,828*	592	571	155
2012	9,440	7,787	*1,421*	*3,827*	*1,794*	745	684	173
2013	10,041	8,518	*1,817*	*4,048*	*1,813*	840	656	186
2014	11,527	9,898	*2,097*	*4,747*	*2,111*	944	723	201

Distribution per typology: 2014
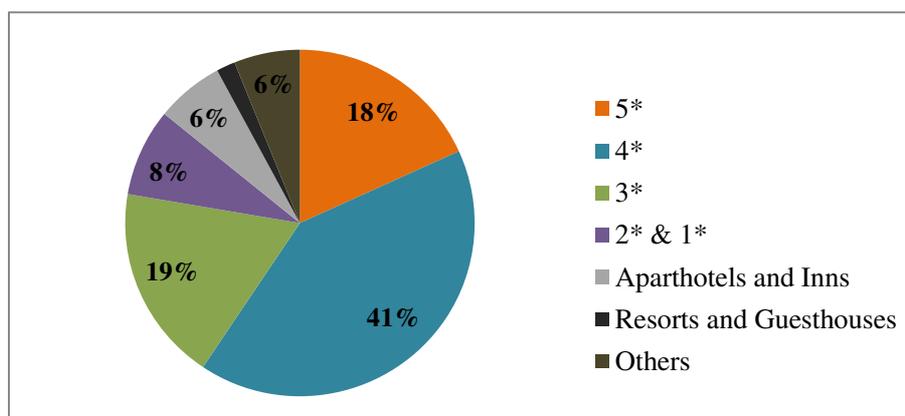
Source: *Turismo de Portugal and INE*

Annex 41 – Room Occupation Rate in hotels or similar establishments in Metropolitan Area of Lisbon

Room Occupation Rate in hotels or similar establishments (%)

Year	Global Occupation	Hotels	5*	4*	3*
2010	**49.1**	51.0	*44.8*	*52.2*	*54.0*
2011	**49.4**	51.0	*47.2*	*51.1*	*55.1*
2012	**48.1**	50.5	*48.1*	*49.9*	*55.7*
2013	**49.4**	51.3	*45.8*	*52.4*	*57.1*
2014	**53.4**	55.4	*51.3*	*56.1*	*60.0*

Source: *Turismo de Portugal and INE*

Annex 42 – Average Stay in hotels or similar establishments in Lisbon

Average Stay in days

Year	Total	National	Foreign
2010	**2.1**	1.8	2.4
2011	**2.2**	1.8	2.4
2012	**2.2**	1.8	2.5
2013	**2.3**	1.8	2.5

Source: *INE - Inquérito à Permanência de Hóspedes na Hotelaria e outros Alojamento*

Annex 43 – Accommodation Establishments in Metropolitan Area of Lisbon by typology

Number of Accommodation Establishments

Year	Total	Hotels	5*	4*	3*	2* & 1*	Aparthotels and Inns	Resorts and Guesthouses	Others
2010	**313**	163	*24*	*66*	*50*	*23*	15	8	127
2011	**311**	175	*26*	*71*	*49*	*29*	14	8	114
2012	**322**	192	*26*	*76*	*51*	*39*	17	9	104
2013	**327**	208	*34*	*80*	*52*	*42*	18	9	92
2014	**339**	224	*35*	*88*	*58*	*43*	18	9	88

Source: *Turismo de Portugal and INE*

Capacity of Accommodation Establishments by typology (number of rooms)

Year	Total	Hotels	5*	4*	3*	2* & 1*	Aparthotels and Inns	Resorts and Guesthouses	Other
2010	25,451	19,777	4,235	9,484	4.532	1,526	1,743	590	3,341
2011	25,785	20,372	4,460	9,760	4,447	1,705	1,706	605	3,102
2012	26,400	21,158	4,200	10,276	4,519	2,163	1,964	663	2,615
2013	27,326	22,758	5,559	10,532	4,345	2,322	1,772	571	2,225
2014	28,603	23,834	5,607	11,193	4,678	2,356	2,067	519	2,183

Source: *Turismo de Portugal and INE*

Capacity of Accommodation Establishments (number of beds)

Year	Total	Hotels	5*	4*	3*	2* & 1*	Aparthotels and Inns	Resorts and Guesthouses	Other
2010	53,756	41,384	8,474	19,792	9,752	3,366	3,906	1,549	6,917
2011	54,912	42,688	8,928	20,523	9,424	3,813	3,975	1,593	6,656
2012	55,873	44,032	8,047	21,745	9,547	4,693	4,562	1,706	5,643
2013	56,821	46,703	10,856	21,717	9,199	4,931	4,070	1,351	4,697
2014	60,007	48,983	11,189	22,959	10,071	4,764	5,177	1,224	4,623

Source: *Turismo de Portugal and INE*

Annex 44 – New hotel with scheduled opening between 2015 and 2017

Hotel	Rooms	Opening	Group	Address	Cat.
NEW HOTEL UNITS IN LISBON CITY with scheduled opening					
2015					
Vincci Selección Lisboa	85	Oct 2015	Vincci Hoteles	Rua Rosa Araújo 16	4
Hotel Riverside Alfama	?	Oct 2015		Rua dos Bacalhoeiros	3
Eurostars (Cais de Santarém)	91	2015	Hotusa	R. do Cais de Santarém 40	5
Lux Lisboa Park	95	2015	Lux Hotels	Rua Padre António Vieira	4
Palace Lisboa Hotel	65	2015	CS Hotels, Golf & Resorts	Rua Bartolomeu Dias 2	5
Turim Terreiro do Paço Hotel	50	end 2015	Turim Hotéis	Rua do Comércio	4
Empire Lisbon Hotel	?	2015		Av. Almirante Reis 130	
2016					
Memmo Príncipe Real	41	2016	Memmo Hotels	Príncipe Real	4
My Story Hotel Praça da Figueira	86	2016	My Story Hotels	Praça da Figueira	4
Turim Marquês Hotel	121	2016		Rua Mouzinho da Silveira	4
Hotel Real	70	2016	Hotéis Real	?	?
Hotel Aeroporto de Lisboa	160	end 2016	Grupo Hoti Hótéis	Aeroporto de Lisboa	3
2017					
Hotel Pestana	86	2017	Grupo Pestana	Rua do Comércio	4
Melia Convento de Santa Joana	160	2017	Grupo Hoti Hótéis	Rua de Santa Marta, 61-65 B	5
My Story Hotel Rua Augusta	60	2017	My Story Hotels	R. S.Nicolau+R. Sapateiros+R. Augusta	3
Turim Boulevard Hotel	100	2017	Turim Hotéis	Avenida da Liberdade 159	5
2018					
Hotel	240	2018	fundo Discovery (Explorer Investments)	Av. Fontes Pereira de Melo/Av. António Augusto de Aguiar	5

Hotel	Rooms	Opening	Group	Address	Cat.
Other known projects for the CITY OF LISBON, not yet under construction nor with scheduled opening					
Hotel	163	?	construction by Cerquia	Av. Duque de Loulé, Marquês de Pombal	?
Hotel Indigo Lisbon Old Town	139	?	InterContinental Hotels Group /Sowhat Turismo	R. Fanqueiros 113 a 149	4
Palácio de Rio Maior	89	?		Portas de Santo Antão	5
Olissippo Oceanos Congress Center & Spa	347	?	Hotéis Olissippo		5
Olissippo Rossio	106	project	Hotéis Olissippo	Praça D.Pedro IV, 96	5
Hotel CCB		project?	Joe Berardo		
Palácio Condes Ribeira Grande	200	project	Grupo Fibeira	Rua da Junqueira	4

Source: *Observatório Turismo de Lisboa*

Annex 45 – Hotels' Room Occupation Rate in the City of Lisbon by typology

Hotels' Room Occupation Rate by typology (%)

Year	Hotels	5*	4*	3*	2* & 1*
2010	65.6	52.3	69.8	70.5	-
2011	66.5	57.9	69.3	69.6	-
2012	65.4	55.5	67.8	71.5	-
2013	66.9	56.5	70.8	17.9	-
2014	72.8	62.5	77.0	76.5	-

Source: *Observatório Turismo de Lisboa – Informação Hotelaria (INFOGEST)*

Annex 46 – Hotels' RevPOR and RevPAR in Lisbon City by typology

Revenue per Occupied Room – RevPOR by typology (EUR)

Year	Hotels	5*	4*	3*	2* & 1*
2010	72.71	119.55	64.38	51.59	-
2011	76.78	127.33	66.69	51.79	-
2012	71.75	121.28	61.82	49.21	-
2013	74.65	122.52	62.60	50.39	-
2014	78.31	126.75	65.97	54.01	-

Revenue per Available Room – RevPAR by typology (EUR)

Year	Hotels	5*	4*	3*	2* & 1*
2010	47.66	62.56	44.93	36.37	-
2011	51.08	73.74	46.23	36.04	-
2012	46.94	67.30	41.90	35.16	-
2013	49.97	69.27	44.33	36.24	-
2014	57.04	79.21	50.79	41.32	-

Source: *Observatório Turismo de Lisboa – Informação Hotelaria (INFOGEST)*

Annex 47 – Hotels' Global Revenues in Lisbon City by typology

Global Revenues (kEUR)
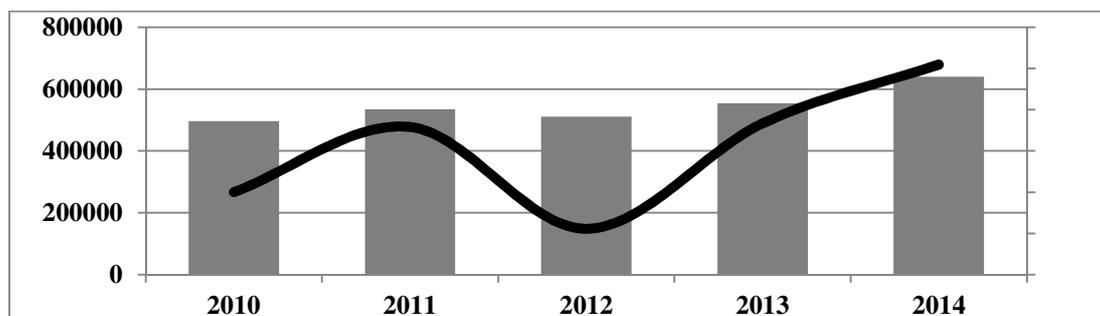
Source: *Observatório Turismo de Lisboa – Informação Hotelaria (INFOGEST)*

Annex 48 – Survey to the Purpose of Trip 2014 - City of Lisbon

The survey was published by the *Observatório Turismo de Lisboa* in 2015, counting with 5647 participants (3899 foreigners and 1748 nationals) that have been interviewed during the last year.

1. **Motive and Purpose of Trip**

   Foreigners:
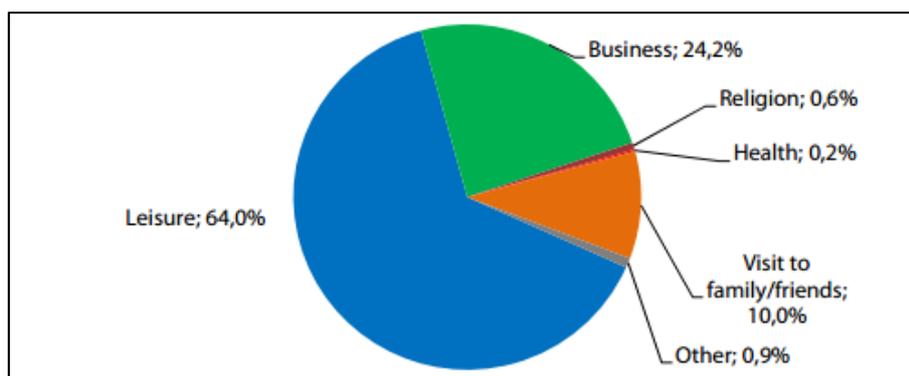
Motivational segments	Foreigners
City & Short Breaks	44,86%
MI	15,29%
Touring Portugal	14,00%
Visit to family/friends	10,05%
Private business	7,57%
Sport events	2,51%
Cultural events	2,49%
Religious Tourism	0,64%
Fair	0,51%
Incentive	0,51%
Training	0,33%
Health	0,18%
Sun and Sea	0,08%
Cruise	0,03%
Golf	0,03%
Nature	0,03%
Other	0,90%

Nationals:
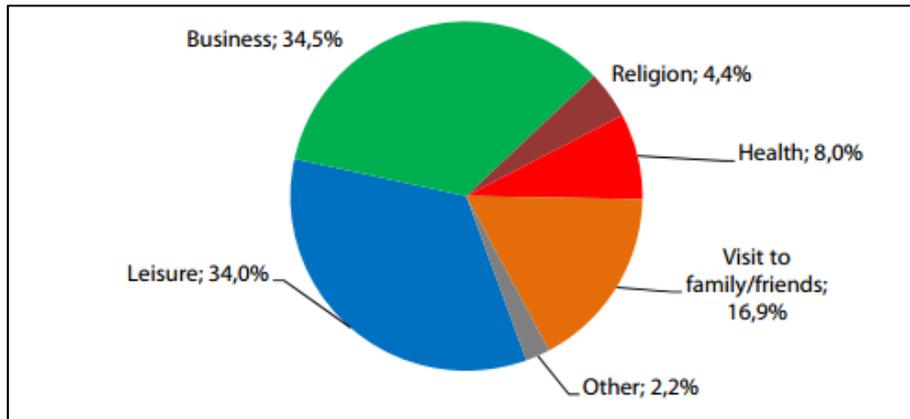
Motivational segments	Nationals
City & Short Breaks	25,86%
MI	17,45%
Visit to family/friends	16,93%
Private business	11,44%
Health	7,95%
Sport events	5,21%
Religious Tourism	4,41%
Training	2,86%
Fair	2,69%
Cultural events	2,17%
Touring Portugal	0,63%
Golf	0,06%
Incentive	0,06%
Sun and Sea	0,06%
Other	2,23%

Total:
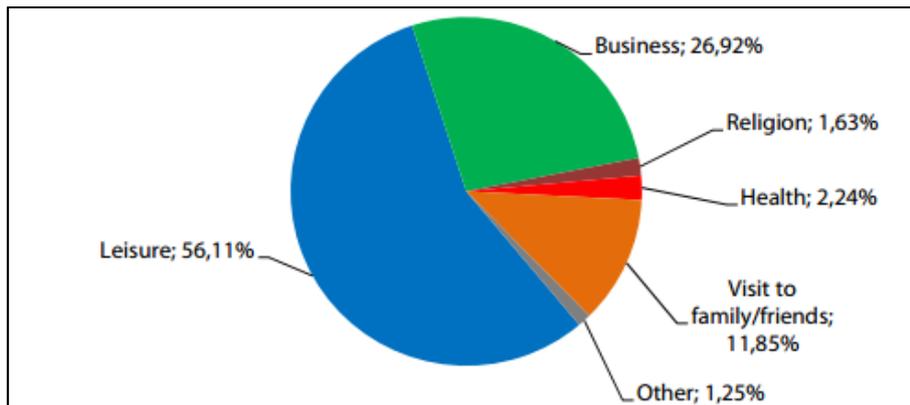
Motivational segments	Total
City & Short Breaks	39,86%
MI	15,86%
Visit to family/friends	11,86%
Touring Portugal	10,48%
Private business	8,59%
Sport events	3,22%
Cultural events	2,41%
Health	2,22%
Religious Tourism	1,63%
Fair	1,09%
Training	1,00%
Incentive	0,39%
Sun and Sea	0,07%
Golf	0,03%
Cruise	0,02%
Nature	0,02%
Other	1,25%

2. Gender

3. Age

4. Marital Status

Total - Marital status

Category	Value
NA	0,1%
Widow/er	8,5%
Single	18,2%
Separated, Divorced	14,4%
Married, Together	58,9%

Total - Marital status, by motivation

Legend: Other, Business, Leisure

Category	Other	Business	Leisure
NA	0,0%	0,2%	0,0%
Widow/er	17,1%	2,1%	8,9%
Single	14,0%	19,3%	18,9%
Separated, Divorced	13,3%	20,2%	11,9%
Married, Together	55,5%	58,2%	60,2%

5. Academic Level

Total - Academic level

Category	Value
NA	0,1%
Post-graduation or more	26,0%
University degree	52,2%
Secondary	17,5%
Elementary	4,3%

Total - Academic level, by motivation

Legend: Other, Business, Leisure

Category	Other	Business	Leisure
NA	0,0%	0,2%	0,0%
Post-graduation or more	15,3%	43,5%	20,9%
University degree	44,7%	49,3%	55,8%
Secondary	26,9%	6,8%	19,7%
Elementary	13,0%	0,2%	3,6%

6. Travel Preparation

Total - Travel preparation

Category	Value
By myself	60,9%
Gift	0,7%
Company	13,3%
Friends	0,7%
Travel agent - individual	22,5%
Travel agent - group	1,9%

Total - Travel preparation, by motivation

Legend: Other, Business, Leisure

Category	Other	Business	Leisure
By myself	58,3%	41,8%	70,8%
Gift	0,0%	1,1%	0,6%
Company	0,6%	48,0%	0,4%
Friends	0,8%	0,2%	0,9%
Travel agent - individual	39,5%	8,6%	24,0%
Travel agent - group	0,7%	0,2%	3,1%

126

7. Use of Internet

8. Transportation to Lisbon
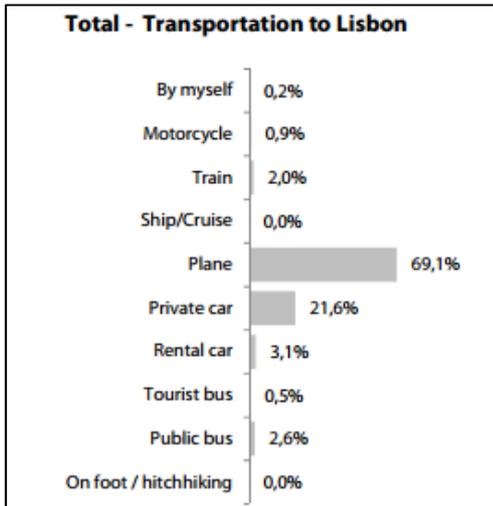
9. Average stay
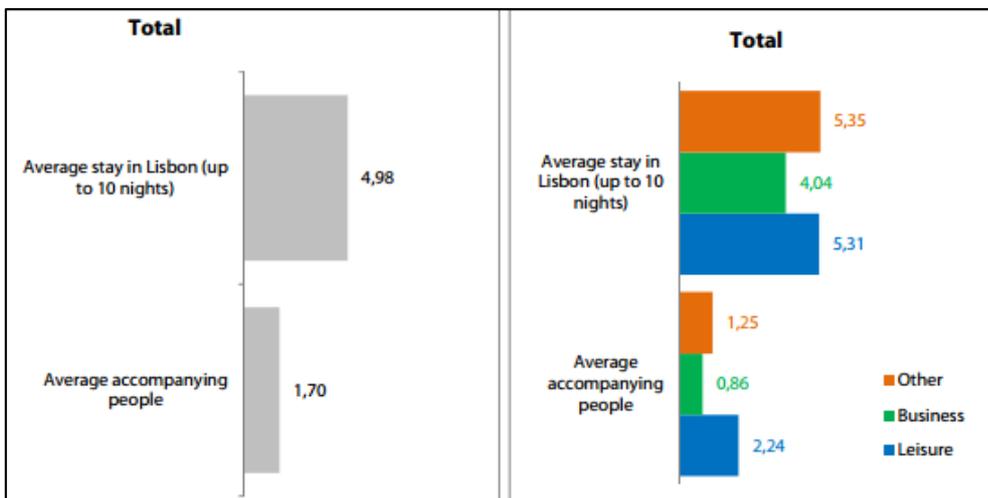
10. Travel Companion
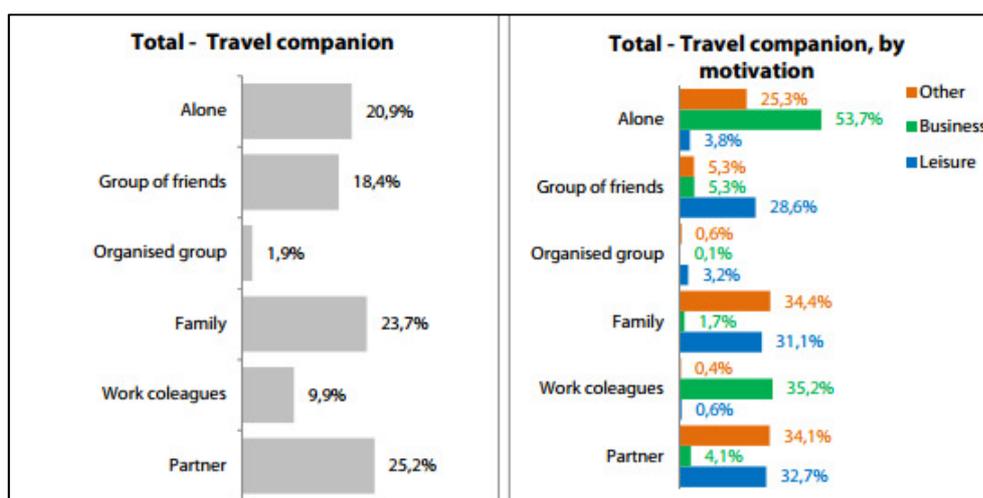
11. Average Expenses:

Foreigners:

		FOREIGNERS								
		2013			2014			Variation		
		Leisure	Business	Total	Leisure	Business	Total	Leisure	Business	Total
Average Individual Expense Transportation		409,75 €	433,70 €	419,76 €	507,58 €	583,10 €	540,18 €	23,9%	34,4%	28,7%
Average daily individual expense (without transportation to Lisbon)	Accommodation	72,09 €	83,50 €	74,66 €	80,59 €	101,65 €	87,06 €	11,8%	21,7%	16,6%
	Food	30,48 €	38,87 €	30,52 €	36,10 €	46,94 €	36,48 €	18,4%	20,8%	19,5%
	Attractions	6,40 €	3,59 €	5,54 €	5,51 €	1,68 €	4,39 €	-13,9%	-53,3%	-20,7%
	Transportation	2,76 €	3,09 €	2,58 €	2,24 €	4,90 €	2,73 €	-18,9%	58,8%	5,7%
	Other	4,85 €	10,38 €	5,65 €	5,53 €	18,22 €	8,51 €	14,2%	75,4%	50,7%
	Global	116,57 €	139,43 €	118,95 €	129,98 €	173,39 €	139,17 €	11,5%	24,4%	17,0%
Average individual expense (no transportation)		775,43 €	821,04 €	772,10 €	884,37 €	960,16 €	905,09 €	14,0%	16,9%	17,2%
answers		1.025	176	1.394	1.851	362	2.593			

Nationals:

		NATIONALS								
		2013			2014			Variation		
		Leisure	Business	Total	Leisure	Business	Total	Leisure	Business	Total
Average Individual Expense Transportation		93,99 €	87,11 €	97,68 €	22,61 €	40,12 €	31,93 €	-75,9%	-53,9%	-67,3%
Average daily individual expense (without transportation to Lisbon)	Accommodation	59,95 €	60,77 €	66,07 €	86,77 €	69,49 €	78,56 €	44,7%	14,3%	18,9%
	Food	22,73 €	30,44 €	25,32 €	35,91 €	37,28 €	32,64 €	58,0%	22,5%	28,9%
	Attractions	2,50 €	0,69 €	1,52 €	4,89 €	0,61 €	2,23 €	95,4%	-11,1%	47,0%
	Transportation	0,69 €	2,06 €	1,06 €	0,44 €	1,57 €	0,75 €	-36,2%	-24,0%	-29,0%
	Other	2,76 €	5,25 €	3,62 €	4,98 €	23,16 €	11,72 €	80,4%	341,1%	223,9%
	Global	88,64 €	99,21 €	97,59 €	132,99 €	132,10 €	125,91 €	50,0%	33,2%	29,0%
Average individual expense (no transportation)		434,10 €	340,27 €	422,77 €	654,89 €	482,67 €	565,58 €	50,9%	41,8%	33,8%
answers		126	181	470	466	378	1.240			

Total:

		TOTAL								
		2013			2014			Variation		
		Leisure	Business	Total	Leisure	Business	Total	Leisure	Business	Total
Average Individual Expense Transportation		356,50 €	292,42 €	334,10 €	430,29 €	399,98 €	406,43 €	20,7%	36,8%	21,6%
Average daily individual expense (without transportation to Lisbon)	Accommodation	70,04 €	74,24 €	72,38 €	81,58 €	90,80 €	84,82 €	16,5%	22,3%	17,2%
	Food	29,17 €	35,43 €	29,14 €	36,07 €	43,68 €	35,47 €	23,6%	23,3%	21,7%
	Attractions	5,75 €	2,41 €	4,47 €	5,41 €	1,32 €	3,82 €	-5,8%	-45,2%	-14,4%
	Transportation	2,41 €	2,67 €	2,18 €	1,95 €	3,78 €	2,21 €	-19,0%	41,5%	1,5%
	Other	4,49 €	8,29 €	5,11 €	5,45 €	19,88 €	9,36 €	21,2%	139,8%	83,2%
	Global	111,86 €	123,03 €	113,27 €	130,46 €	159,46 €	135,68 €	16,6%	29,6%	19,8%
Average individual expense (no transportation)		691,90 €	644,04 €	672,41 €	823,10 €	804,00 €	812,04 €	19,0%	24,8%	20,8%
answers		1.151	357	1.864	2.317	740	3.833			

Source: *Survey to the Purpose of Trip 2014 - City of Lisbon (Observatório Turismo de Lisboa, 2015)*

Annex 49 – Competition location and prices: three-star hotels

Hotel	Location			Average Price per Double/Twin Room			
	Address	Subway Stations		Low Season	High Season	Year	Extra Bed
		Designation	Distance (meters)				
Amazónia Lisboa Hotel	Travessa Fábrica dos Pentes	Marquês de Pombal	500	€ 54	€ 115	€ 79	€ 41
América Diamond's Hotel	Rua Tomás Ribeiro	Picoas	0	€ 59	€ 77	€ 63	-
Brown's Downtown Hotel	Rua dos Sapateiros	Baixa-Chiado	100	€ 64	€ 105	€ 78	-
Casa de São Mamede Hotel	Rua Escola Politécnica	Rato	125	€ 68	€ 100	€ 79	€ 10
Ever Lisboa City Center Hotel	Avenida da Liberdade	Avenida	40	€ 61	€ 75	€ 64	€ 25
HF Fénix Garden	Avenida Rua Joaquim António Aguiar	Marquês de Pombal	5	€ 67	€ 110	€ 92	€ 30
HF Fénix Music	Rua Joaquim Antonio Aguiar	Marquês de Pombal	5	-	-	€ 95	-
Hotel A. S. Lisboa	Avenida Almirante Reis	Alameda	50	-	-	€ 49	€ 20
Hotel Alif Campo Pequeno	Campo Pequeno	Campo Pequeno	200	-	-	€ 61	€ 15
Hotel Almirante	Avenida Almirante Reis	Anjos	100	€ 50	€ 72	€ 53	€ 15
Hotel Anjos	Rua Andrade	Intendente	250	€ 43	€ 68	€ 49	-
Hotel Avenida Park	Avenida Sidónio Pais	Parque	150	€ 65	€ 100	€ 79	€ 15
Hotel Borges Chiado	Rua Garrett	Baixa-Chiado	50	€ 70	€ 103	€ 82	€ 20
Hotel Botânico	Rua Mãe D'Agua	-	-	-	-	€ 53	€ 20
Hotel Dom Carlos Liberty	Rua Alexandre Herculano	Marquês de Pombal	350	€ 82	€ 105	€ 93	€ 20
Hotel Dom Carlos Park	Avenida Duque Loulé	Marquês de Pombal	50	€ 82	€ 105	€ 93	€ 20
Hotel Eduardo VII	Avenida Fontes Pereira de Melo	Parque	50	€ 55	€ 115	€ 79	€ 25
		Marquês de Pombal	50				
Hotel Embaixador	Avenida Duque Loulé	Marquês de Pombal	400	-	-	€ 68	€ 25
Hotel Excelsior	Rua Rodrigues Sampaio	Marquês de Pombal	250	€ 57	€ 81	€ 66	€ 15
Hotel Expo Astoria	Rua Braamcamp	Marquês de Pombal	100	€ 53	€ 74	€ 65	-
Hotel Flamingo	Rua Castilho	Marquês de Pombal	450	-	-	€ 56	€ 20
Hotel Gat Rossio	Rua Jardim do Regedor	Restauradores	50	€ 65	€ 100	€ 74	-
Holiday Inn Express Lisboa - Av. Liberdade	Rua Alexandre Herculano	Marquês de Pombal	350	€ 62	€ 115	€ 71	€ 30

Hotel	Location			Average Price per Double/Twin Room			
	Address	Subway Stations		Low Season	High Season	Year	Extra Bed
		Designation	Distance (meters)				
Hotel Holiday Inn Express Lisbon Airport	Rua da Guiné	-	-	€ 62	€ 115	€ 71	€ 30
Hotel Jorge V	Rua Mouzinho da Silveira	Avenida	600	€ 57	€ 88	€ 64	€ 25
Hotel Lisboa Central Park	Avenida Sidónio Pais	Parque	10	€ 47	€ 75	€ 55	-
Hotel Metroplole	Rossio	Restauradores	250	-	-	€ 94	€ 50
Hotel Miraparque	Avenida Sidónio Pais	Parque	100	-	-	€ 68	€ 20
Hotel Nacional	Rua Castilho	Marquês de Pombal	250	-	-	€ 62	€ 15
Hotel Príncipe Lisboa	Avenida Duque Ávila	São Sebastião	0	€ 62	€ 99	€ 75	€ 20
Hotel Roma	Avenida de Roma	Roma	450	€ 56	€ 99	€ 66	-
Hotel Residencial Caravela	Rua Ferreira Lapa	Picoas	300	-	-	€ 48	-
Hotel Travel Park Lisboa	Avenida Almirante Reis	Anjos	50	€ 63	€ 99	€ 68	€ 30
Hotel Vip Executive Berna	Avenida António Serpa	Entrecampos	100	-	-	€ 64	€ 16
Hotel Vip Executive Zurique	Rua Ivone Silva	Entrecampos	100	-	-	€ 63	€ 20
Hotel Lisboa Tejo	Rua Condes de Monsanto	Restauradores	300	€ 63	€ 80	€ 67	€ 35
Lisbon City Hotel	Avenida Almirante Reis	Anjos	150	€ 48	€ 78	€ 55	€ 35
My Story Hotel Ouro	Rua Aurea	Baixa-Chiado	200	€ 90	€ 125	€ 95	-
My Story Hotel Rossio	Praça Dom Pedro IV	Restauradores	200	€ 88	€ 125	€ 93	-
Rossio Garden Hotel	Rua Jardim do Regedor	Restauradores	100	€ 63	€ 85	€ 68	€ 40
Sana Capitol Hotel	Rua Eça de Queirós	Marquês de Pombal	500	-	-	€ 82	N/A
Sana Executive Hotel	Avenida Conde Valbom	São Sebastião	500	-	-	€ 78	€ 30
Sana Reno Hotel	Avenida Duque Ávila	São Sebastião	50	-	-	€ 83	€ 30
Sana Rex Hotel	Rua Castilho	Marquês de Pombal	350	-	-	€ 82	€ 30
The 7 Hotel	Rua Áurea	Baixa-Chiado	25	-	-	€ 100	-
Turim Suisso Atlantico Hotel	Rua da Glória	Restauradores	150	€ 55	€ 88	€ 67	€ 20

Source: *Booking,com, Tripadvisor and phone contact with some Hotels*

Annex 50 –Location and Prices of Competition: two-star hotels

Hotel	Localization			Average Price per Double/Twin Room			
	Address	Subway Stations		Low Season	High Season	Year	Extra Bed
		Designation	Distance (meters)				
Dom Sancho I	Avenida Liberdade	Avenida	150	€ 50	€ 87	€ 60	€ 30
Evidencia Light Santa Catarina Hotel	Rua Doutor Luís de Almeida	-	-	€ 41	€ 55	€ 43	-
Hotel Afrin Lisboa	Avenida João XXI	Areeiro	100	€ 40	€ 62	€ 48	-
Residencia Alicante	Avenida Duque Loulé	Picoas	250	€ 46	€ 75	€ 50	€ 15
Hotel DAH - Dom Afonso Henriques	Rua Cristovão Falcão	Alameda	250	€ 57	€ 95	€ 66	€ 20
Hotel Delta	Rua Ilha do Pico	Saldanha	220	€ 33	€ 55	€ 40	€ 20
Hotel Duas Nações	Rua Vitória	Baixa-Chiado	300	€ 58	€ 90	€ 62	€ 15
Hotel Ibis Lisboa José Malhoa	Avenida José Malhoa	Praça de Espanha	300	€ 63	€ 70	€ 63	-
Hotel Ibis Lisboa Liberdade	Rua Barata Salgueiro	Rato	400	€ 69	€ 75	€ 72	€ 15
		Avenida	400				
Hotel Ibis Lisboa Saldanha	Avenida Casal Ribeiro	Saldanha	200	€ 60	€ 69	€ 65	-
Hotel Ibis Parque das Nações	Rua do Mar Vermelho	Oriente	150	€ 60	€ 69	€ 65	-
Hotel Itália	Avenida Visconde Valmor	Saldanha	600	€ 45	€ 59	€ 49	-
Hotel Nazareth	Avenida António Augusto de Aguiar	Parque	100	-	-	€ 47	€ 15
Hotel Sete Colinas	Avenida Almirante Reis	Arroios	15	€ 59	€ 73	€ 61	-
Luxe Hotel by Turim Hoteis	Rua Passos Manuel	Anjos	450	€ 49	€ 65	€ 52	-
Residencial Marisela	Rua Filipe Folque	Picoas	250	-	-	€ 35	-
São Pedro Lisbon Hotel	Rua Pascoal de Melo	Saldanha	300	€ 45	€ 97	€ 54	€ 25

Source: *Booking,com, Tripadvisor and phone contact with some Hotel*

Annex 51 – Number and Typology of the rooms of the Competition: two-star hotels

Hotel	Number of Rooms							
	Total	Single	Duplo	Twin	Triple	4 beds	Suite	Extra Bed
Dom Sancho I	**40**	-	-	-	-	-	-	**-**
Evidencia Light Santa Catarina Hotel	**17**	0	0	14	3	0	0	**0**
Hotel Afrin Lisboa	**13**	-	-	-	-	-	-	**-**
Residencia Alicante	**42**	-	-	-	-	-	-	**-**
Hotel DAH - Dom Afonso Henriques	**39**	5	24	0	5	5	0	**5**
Hotel Delta	**18**	-	-	-	-	-	-	**-**
Hotel Duas Nações	**54**	-	-	-	-	-	-	**-**
Hotel Ibis Lisboa José Malhoa	**211**	0	159	31	15	0	0	**0**
Hotel Ibis Lisboa Liberdade	**70**	0	52	0	18	0	0	**18**
Hotel Ibis Lisboa Saldanha	**116**	0	89	18	9	0	0	**0**
Hotel Ibis Parque das Nações	**112**	-	-	-	-	-	-	**-**
Hotel Itália	**44**	-	-	-	-	-	-	**-**
Hotel Nazareth	**32**	-	-	-	-	-	-	**-**
Hotel Sete Colinas	**32**	0	16	16	0	0	0	**10**
Luxe Hotel by Turim Hoteis	**50**	1	36	13	0	0	0	**3**
Residencial Marisela	**4**	-	-	-	-	-	-	**0**
São Pedro Lisbon Hotel	**50**	-	-	-	-	-	-	**-**

Source: *Booking,com, Tripadvisor and phone contact with some Hotels*

Annex 52 – Number and Typology of the rooms of the Competition: 3-star hotels

Hotel	Number of Rooms							
	Total	Single	Duplo	Twin	Triple	4 beds	Suite	Extra Bed
Amazónia Lisboa Hotel	192	16	20	132	4	0	8	40
América Diamond's Hotel	60	-	-	-	-	-	-	-
Brown's Downtown Hotel	36	-	-	-	-	-	-	0
Casa de São Mamede Hotel	26	-	-	-	-	-	-	-
Ever Lisboa City Center Hotel	35	-	-	-	-	-	-	-
HF Fénix Garden	94	1	19	74	0	0	0	8
HF Fénix Music	109	-	-	-	-	-	-	0
Hotel A. S. Lisboa	75	-	-	-	-	-	-	15
Hotel Alif Campo Pequeno	115	0	22	80	6	0	11	16
Hotel Almirante	59	0	9	46	4	0	0	10
Hotel Anjos	65	-	-	-	-	-	-	-
Hotel Avenida Park	40	-	-	-	-	-	-	-
Hotel Borges Chiado	96	33	30	33	-	-	-	-
Hotel Botânico	30	-	-	-	-	-	-	8
Hotel Dom Carlos Liberty	59	0	24	35	91	0	0	8
Hotel Dom Carlos Park	76	-	-	-	-	-	-	-
Hotel Eduardo VII	137	0	55	81	0	0	1	25
Hotel Embaixador	80	-	-	-	-	-	-	-
Hotel Excelsior	81	0	66	0	10	5	0	30
Hotel Expo Astoria	91	-	-	-	-	-	-	0
Hotel Flamingo	39	-	-	-	-	-	-	-
Hotel Gat Rossio	71	-	-	-	-	-	-	-
Hotel Holiday Inn Express Lisboa - Av. Liberdade	108	-	-	-	-	-	-	-
Hotel Holiday Inn Express Lisbon Airport	120	31	89	0	0	0	0	31
Hotel Jorge V	49	0	10	33	0	0	6	10
Hotel Lisboa Central Park	38	-	-	-	-	-	-	-
Hotel Metroplole	96	7	72	0	12	0	5	5
Hotel Miraparque	96	-	-	-	-	-	-	-

Hotel	Number of Rooms							
	Total	Single	Duplo	Twin	Triple	4 beds	Suite	Extra Bed
Hotel Príncipe Lisboa	**70**	1	24	35	9	0	1	**20**
Hotel Roma	**263**	5	27	179	23	29	0	**0**
Hotel Residencial Caravela	**42**	-	-	-	-	-	-	**-**
Hotel Travel Park Lisboa	**61**	0	9	50	2	0	0	**14**
Hotel Vip Executive Berna	**240**	54	60	124	0	0	2	**5**
Hotel Vip Executive Zurique	**252**	4	60	188	0	0	0	**-**
Hotel Lisboa Tejo	**58**	-	-	-	-	-	-	**-**
Lisbon City Hotel	**72**	35	37	0	0	0	0	**-**
My Story Hotel Ouro	**51**	-	-	-	-	-	-	**0**
My Story Hotel Rossio	**46**	-	-	-	-	-	-	**0**
Rossio Garden Hotel	**56**	-	-	-	-	-	-	**-**
Sana Capitol Hotel	**59**	8	34	13	0	0	1	**0**
Sana Executive Hotel	**72**	35	37	0	0	0	0	**5**
Sana Reno Hotel	**96**	-	-	-	-	-	-	**20**
Sana Rex Hotel	**68**	0	41	18	0	0	9	**12**
The 7 Hotel	**37**	-	-	-	-	-	-	**0**
Turim Suisso Atlantico Hotel	**14**	-	-	-	-	-	-	**0**

Source: *Booking,com, Tripadvisor and phone contact with some Hotels*

Annex 53 – Services of Competition: two-star hotels

Hotel	Services											
	WI-FI	**Parking**	**Bar**	**Restaurant**	**Meeting Rooms**	**Reception 24 hours**	**Baby-sitting**	**Laundry**	**Airport Transfer**	**Children's Free** (Maximum Age)	**Mini-Bar**	**Snack Machines**
Dom Sancho I	Public areas	X	X	X	X	Yes	X	Yes	X	2	X	Yes
Evidencia Light Santa Catarina Hotel	Free	X	Yes	X	X	Yes	X	X	X	3	X	Yes
Hotel Afrin Lisboa	Public areas	X	X	X	X	Yes	Yes	X	X	3	X	Yes
Residencia Alicante	Public areas	12.5€/ day	X	X	X	Yes	X	Yes	X	2	X	X
Hotel DAH - Dom Afonso Henriques	Public areas	X	Yes	X	Yes	Yes	Yes	Yes	Yes	6	Yes	Yes
Hotel Delta	Free	8€/day	Yes	X	Yes	Yes	X	Yes	X	6	X	X
Hotel Duas Nações	Free	X	X	X	Yes	Yes	Yes	Yes	X	3	X	X
Hotel Ibis Lisboa José Malhoa	Free	6.5€/day	Yes	X	Yes	Yes	X	Yes	X	N/A	X	Yes
Hotel Ibis Lisboa Liberdade	Free	X	Yes	X	Yes	Yes	X	Yes	X	12	X	X
Hotel Ibis Lisboa Saldanha	Free	8.5€/day	Yes	X	Yes	Yes	X	Yes	X	-	X	X
Hotel Ibis Parque das Nações	Free	12€/day	Yes	X	X	Yes	X	X	X	6	X	X
Hotel Itália	Public areas	15€/day	X	X	Yes	Yes	X	Yes	X	4	X	X
Hotel Nazareth	Free	X	Yes	X	X	Yes	X	Yes	X	2	Yes	X
Hotel Sete Colinas	Free	X	X	X	X	Yes	X	Yes	X	3	X	Yes
Luxe Hotel by Turim Hoteis	Free	X	Yes	X	X	Yes	X	X	Yes	1	Yes	X
Residencial Marisela	1.5€/hour	X	X	X	X	Yes	X	X	X	8	X	Yes
São Pedro Lisbon Hotel	Free	X	Yes	X	X	Yes	X	Yes	X	6	X	X

Annex 54 – Services of Competition: three-star hotels

Hotel	Services											
	WI-FI	Parking	Bar	Restaurant	Meeting Rooms	Reception 24 hours	Baby-sitting	Laundry	Airport Transfer	Children's Free (Maximum Age)	Mini-Bar	Snack Machines
Amazónia Lisboa Hotel	5€/day	12€/day	Yes	X	Yes	Yes	Yes	Yes	Yes	12	Yes	X
América Diamond's Hotel	Free	9€/day	Yes	Yes	Yes	Yes	Yes	Yes	Yes	5	Yes	X
Brown's Downtown Hotel	Free	X	X	X	X	Yes	X	Yes	Yes	2	Yes	Yes
Casa de São Mamede	Public areas	X	X	X	Yes	Yes	X	X	X	12	X	X
Ever Lisboa City Center Hotel	Public areas	X	X	X	X	Yes	X	X	X	6	X	Yes
HF Fénix Garden	Free	9.9€/day	Yes	X	Yes	Yes	Yes	Yes	Yes	8	Yes	X
HF Fénix Music	Free	X	Yes	X	Yes	Yes	Yes	Yes	Yes	N/A	Yes	X
Hotel A. S. Lisboa	Free	X	Yes	X	Yes	Yes	Yes	Yes	X	7	X	X
Hotel Alif Campo Pequeno	Free	8€/day	Yes	X	Yes	Yes	X	Yes	X	2	X	X
Hotel Almirante	Public areas	10€/day	Yes	X	Yes	Yes	X	X	X	-	X	X
Hotel Anjos	Free	Free	Yes	X	Yes	Yes	X	X	X	4	X	X
Hotel Avenida Park	Free	Free	X	X	X	Yes	X	Yes	X	3	X	X
Hotel Borges Chiado	Public areas	X	X	X	Yes	Yes	X	Yes	X	3	X	X
Hotel Botânico	Public areas	X	Yes	X	X	Yes	X	Yes	X	2	X	X
Hotel Dom Carlos Liberty	Free	13€/day	Yes	X	Yes	Yes	Yes	Yes	X	2	X	X
HotelDomCarlos Park	Free	13€/day	Yes	X	Yes	Yes	Yes	Yes	X	2	X	X
Hotel Eduardo VII	Free	11€/day	X	Yes	Yes	Yes	X	Yes	X	12	X	X
Hotel Embaixador	Free	12€/day	Yes	Yes	Yes	Yes	Yes	Yes	X	12	X	X
Hotel Excelsior	Free	X	Yes	X	Yes	Yes	X	Yes	X	10	X	X
Hotel Expo Astoria	Free	X	X	X	X	Yes	X	X	X	12	X	X

Hotel	Service											
	WI-FI	Parking	Bar	Restaurant	Meeting Rooms	Reception 24 hours	Baby-sitting	Laundry	Airport Transfer	Children's Free (Maximum Age)	Mini-Bar	Snack Machines
Hotel Gat Rossio	Free	X	X	X	X	Yes	X	Yes	Yes	8	Yes	Yes
Hotel Holiday Inn Express Lisboa - Av. Liberdade	Free	X	Yes	X	Yes	Yes	X	Yes	Yes	19	Yes	Yes
Hotel Holiday Inn Express Lisbon Airport	Free	Free	Yes	X	Yes	Yes	X	Yes	Yes	19	Yes	Yes
Hotel Jorge V	Free	Free	Yes	X	X	Yes	X	Yes	X	12	X	X
Hotel Lisboa Central Park	Free	15€/day	X	X	Yes	Yes	X	Yes	X	3	X	X
Hotel Metroplole	Public areas	X	Yes	X	X	Yes	X	X	X	2	X	X
Hotel Miraparque	Free	15€/day	Yes	X	Yes	Yes	X	Yes	Yes	11	Yes	X
Hotel Nacional	Free	Free	Yes	X	X	Yes	X	Yes	X	10	X	X
Hotel Príncipe Lisboa	Free	7.5 €/day	Yes	X	Yes	Yes	X	Yes	X	3	X	X
Hotel Roma	Free	10€/day	Yes	Yes	Yes	Yes	X	Yes	X	2	X	X
Hotel Residencial Caravela	Free	15€/day	Yes	X	X	Yes	X	Yes	X	5	X	X
Hotel Travel Park Lisboa	Free	10€/day	Yes	X	Yes	Yes	X	Yes	X	12	X	X
Hotel Vip Executive Berna	Free	Free	Yes	X	Yes	Yes	Yes	Yes	X	12	X	X
Hotel Vip Executive Zurique	Free	Free	Yes	X	X	Yes	X	X	X	12	X	X
Hotel Lisboa Tejo	Free	X	Yes	X	X	Yes	X	Yes	Yes	12	Yes	X
Lisbon City Hotel	Free	10€/day	Yes	X	Yes	Yes	X	Yes	X	5	X	X
My Story Hotel Ouro	Free	X	Yes	X	X	Yes	X	Yes	Yes	3	Yes	X
MyStoryHotel Rossio	Free	X	Yes	Yes	X	Yes	X	Yes	Yes	2	Yes	X
Rossio Garden Hotel	Free	19€/day	X	X	X	Yes	Yes	Yes	Yes	12	Yes	X

	Service											
Hotel	**WI-FI**	**Parking**	**Bar**	**Restaurant**	**Meeting Rooms**	**Reception 24 hours**	**Baby-sitting**	**Laundry**	**Airport Transfer**	**Children's Free** (Maximum Age)	**Mini-Bar**	**Snack Machines**
Sana Capitol Hotel	Free	15.5€/day	Yes	X	X	Yes	X	Yes	Yes	3	Yes	X
Sana Executive Hotel	Free	Free	Yes	X	Yes	Yes	Yes	Yes	Yes	3	Yes	X
Sana Reno Hotel	Free	15€/day	Yes	X	Yes	Yes	X	Yes	Yes	3	Yes	X
Sana Rex Hotel	Free	X	Yes	X	Yes	Yes	X	X	X	3	X	X
The 7 Hotel	Free	35€/day	X	X	X	Yes	X	Yes	Yes	N/R	Yes	X
Turim Suisso Atlantico Hotel	Public areas	X	Yes	Yes	X	Yes	X	Yes	Yes	2	Yes	X

Source: *Booking,com, Tripadvisor and phone contact with some Hotels*

Annex 55 – Subway Stations – Metropolitano de Lisboa
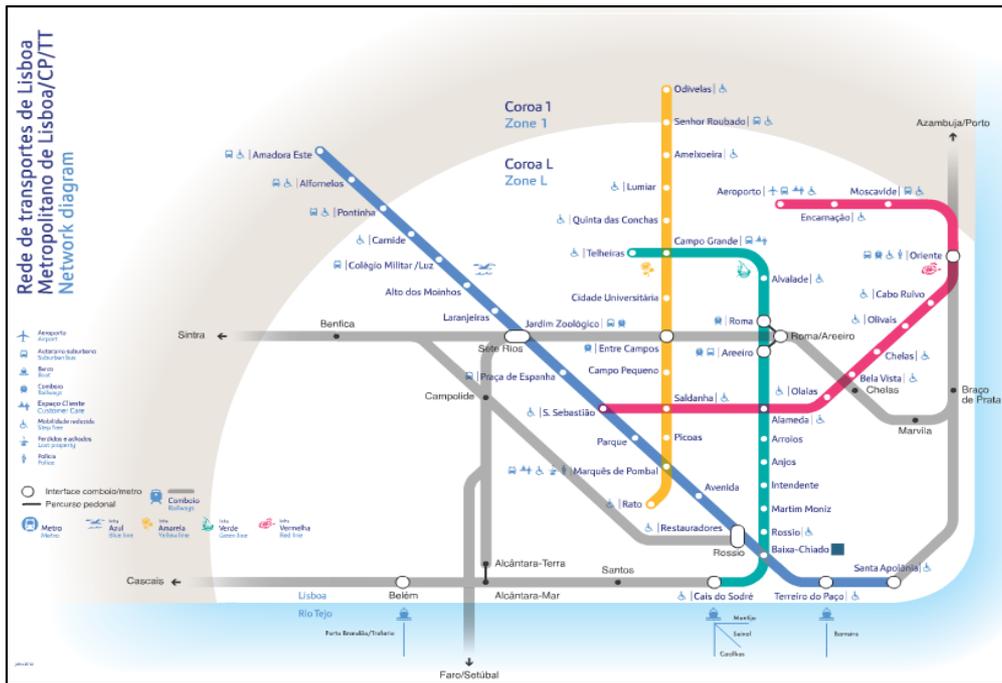
Source: *Metropolitano de Lisboa*

Annex 56 – Plano Diretor Municipal – Relevant Regions
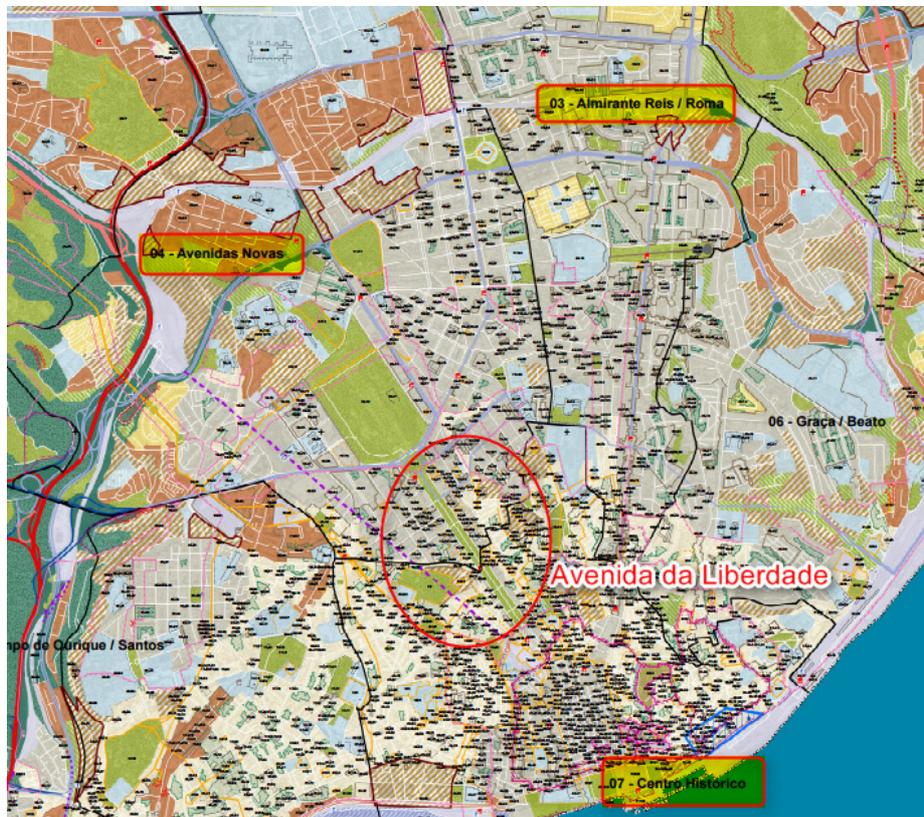
Source: *Câmara Municipal De Lisboa – Plano Diretor Municipal (PDM)*

Annex 57 – Macro Location: Means of Transportation

Subway Station:

Region	Number of Subway Stations	Subway Stations	
03 - Almirante Reis / Roma	7	Green Line	Alvalade | Roma | Areeiro | Arroios | Anjos |Intendente
		Green and Red Line	Alameda
04 - Avenidas Novas	12	Yellow Line	Rato | Picoas | Campo Pequeno Entre Campos | Cidade Universitária
		Blue Line	Avenida | Parque |Praça de Espanha | Jardim Zoológico
		Blue and Red Line	São Sebastião
		Yellow and Blue Line	Marquês de Pombal
		Yellow and Red Line	Saldanha
07 - Centro Histórico	8	Blue Line	Avenida | Restauradores | Terreiro do Paço
		Green Line	Intendente | Martim-Moniz | Rossio | Caís do Sodré
		Blue and Green Line	Baixa-Chiado

Source: *Metropolitano de Lisboa*

Annex 58 – Macro Location: Places of Interest – Leisure tourism

Region	Touristic Attractions
03 - Almirante Reis / Roma	Campus Alameda
04 - Avenidas Novas	Museu Calouste Gulbenkian
	Parque Eduardo VII
	Jardim Zoológico
07 - Centro Histórico	Praça do Comércio
	Praça do Rossio (D.Pedro V)
	Castelo de São Jorge
	Elevador de Santa Justa
	Bairro Alto
	Convento e igreja do Carmo
	Rua Augusta
	Igreja e Mosteiro de S.Vicente de Fora
	Elevador e Igreja de Santa Engrácia
	Catedral da Sé
	Praça dos Restauradores
	Elevador da Gloria

Source: *Observatório Turismo Lisboa*

Annex 59 – Macro Location: Places of Interest – Business tourism

Region	Business Points of Interest
03 - Almirante Reis / Roma	Headquarters of some companies
	Instituto Superior Técnico
04 - Avenidas Novas	Globally Liberdade Center
	Twin Towers
	Atrium Saldanha
	Monumental
	Saldanha Residence
	Campo pequeno
	El Corte Inglês
07 - Centro Histórico	Coliseu dos Recreios
	Headquarters of some companies

Source: *Observatório Turismo Lisboa*

Annex 60 – Macro Location – ELECTRE Method

Concordance Matrix:

Concordance Matrix	Almirante Reis / Roma	Avenidas Novas	Centro Histórico
Almirante Reis / Roma	-	0	0
Avenidas Novas	1	-	0.73
Centro Histórico	1	0.27	-

Discordance Matrix:

Discordance Matrix	Almirante Reis / Roma	Avenidas Novas	Centro Histórico
Almirante Reis / Roma	-	0.7	0.8
Avenidas Novas	0	-	0.4
Centro Histórico	0	0.5	-

Superimposed Matrix:

Superimposed Matrix	Almirante Reis / Roma	Avenidas Novas	Centro Histórico
Almirante Reis / Roma	-	0 0.7	0 0.5
Avenidas Novas	1 0	-	0.73 0.4
Centro Histórico	1 0	0.27 0.5	-

Conclusions:

- **Avenidas Novas** is better than **Almirante Reis/Roma**
- **Avenidas Novas** is better than **Centro Histórico**
- **Centro Histórico** is better than **Almirante Reis/Roma**

Annex 61 – Micro Location – Land and Building Construction

Place	Useful Area (m2)	Price (EUR)	Price/m2	Number of Rooms	Price per room	Distance to the Subway - (m)
Campo Pequeno	2040	6,500,000	3,186	61	106,557	200
Campo Pequeno	3500	6,600,000	1,886	72	91,667	100
Entre Campos	4200	7,200,000	1,714	80	90,000	250
Entre Campos	5800	16,000,000	2,759	150	106,667	300
Praça de Espanha	9541	12,355,000	1,295	250	49,420	180
São Sebastião	4450	15,000,000	3,371	100	150,000	220
Saldanha	1627	5,500,000	3,380	40	137,500	150
Avenida	4375	10,500,000	2,400	100	105,000	100
Avenida	**3680**	**9,500,000**	**2,582**	**104**	**91,346**	**60**

Source: *BPI Expresso Imobiliário and Casa.Sapo.pt – Portal Nacional de Imobiliário*

Annex 62 – Micro Location – Subway stations and Centrality

Tube Station	Distance to Centre of Lisbon	Direct connection to Centre of Lisbon	Connection to two different lines	Distance to Airport	Direct connection to Airport	Total
Marquês de Pombal	4	1	1	3	0	9
Avenida	5	1	0	3	0	9
Saldanha	3	0	1	5	1	10
Rato	3	0	0	3	0	6
Campo Pequeno	3	0	0	3	0	6
Entrecampos	2	0	0	3	0	5
São Sebastião	3	1	1	5	1	11
Jardim Zoológico	3	1	0	3	0	7
Praça de Espanha	3	1	0	3	0	7
Picoas	3	0	0	3	0	6
Parque	4	1	0	3	0	8

Source: *Metropolitano de Lisboa*

Annex 63 – Micro Location – ELECTRE Method

For this analysis it will just be considered the alternatives (locals), which have the conditions to build a hotel (Annex 61).

Concordance Matrix:

Concordance Matrix	Avenida	Campo Pequeno	Entre Campos	Saldanha	São Sebastião	Praça de Espanha
Avenida	-	1	1	0.6	0.6	1
Campo Pequeno	0	-	0.6	0.4	0.2	0.2
Entre Campos	0	0.4	-	0.4	0,4	0.2
Saldanha	0.4	0.6	0.6	-	0.2	0.6
São Sebastião	0.4	0.8	0.4	0.8	-	0.6
Praça de Espanha	0.2	0.8	1	0.4	0.4	-

Discordance Matrix:

Discordance Matrix	Avenida	Campo Pequeno	Entre Campos	Saldanha	São Sebastião	Praça de Espanha
Avenida	-	0	0	0.1	0.1	0
Campo Pequeno	0.2	-	0.3	0.3	0.4	0.2
Entre Campos	0.3	0.1	-	0.4	0.4	0.1
Saldanha	0.5	0.3	0.4	-	0.4	0.5
São Sebastião	0.2	0.1	0	0.2	-	0.1
Praça de Espanha	0.2	0.1	0	0.2	0.3	-

Superimposed Matrix:

Superimposed Matrix	Avenida	Campo Pequeno	Entre Campos	Saldanha	São Sebastião	Praça de Espanha
Avenida	-	**1** **0**	**1** **0**	**0.6** **0.1**	**0.6** **0.1**	**1** **0**
Campo Pequeno	0 0.2	-	0.6 0.3	0.4 0.3	0.2 0.4	0.2 0.2
Entre Campos	0 0.3	0.4 0.1	-	0.4 0.4	0.4 0.4	0.2 0.1
Saldanha	0.4 0.5	0.6 0.3	0.6 0.4	-	0.2 0.4	0.6 0.5
São Sebastião	0.4 0.2	0.8 0.1	0.4 0	0.8 0.2	-	0.6 0.1
Praça de Espanha	0.2 0.2	0.8 0.1	1 0	0.4 0.2	0.4 0.3	-

Conclusions:

- **Avenida** is the best place to build de hotel when compared to the other alternatives;

- **São Sebastião** is the second best solution, highlighting against **Saldanha**, **Entre Campos**, **Campo Pequeno** e **Praça de Espanha**

- **Saldanha** cames next, being better than **Campo Pequeno**, **Entre Campos** e **Praça de Espanha**.

Annex 64 – Layout of the hotel

Front of the Hotel:

Lobby:
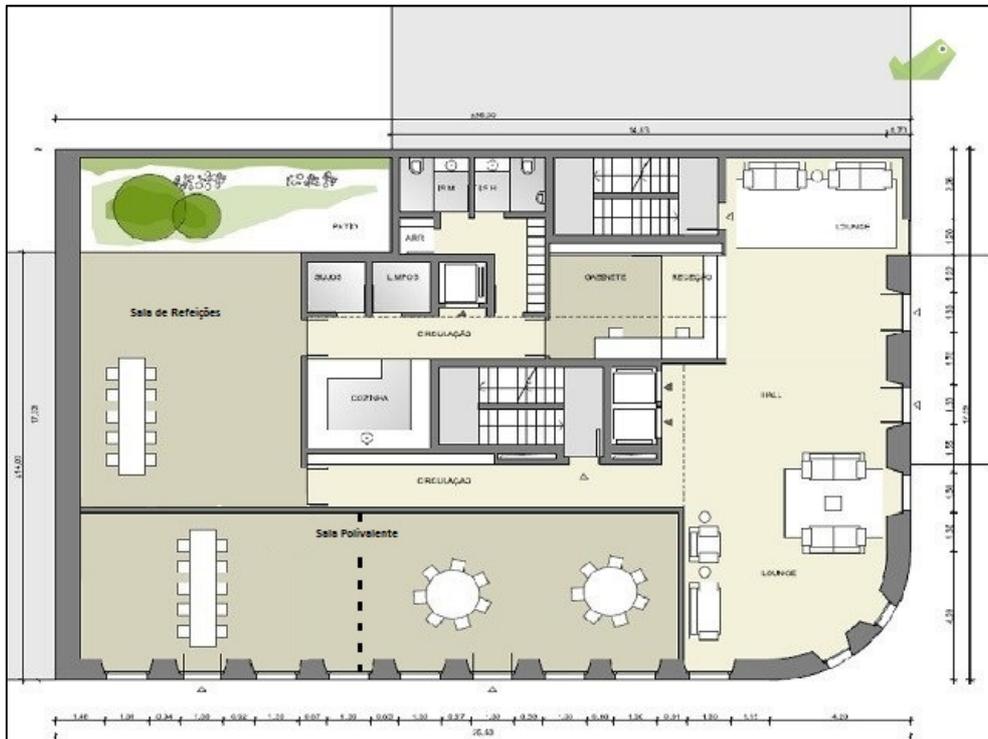
Floor 1 to 5:
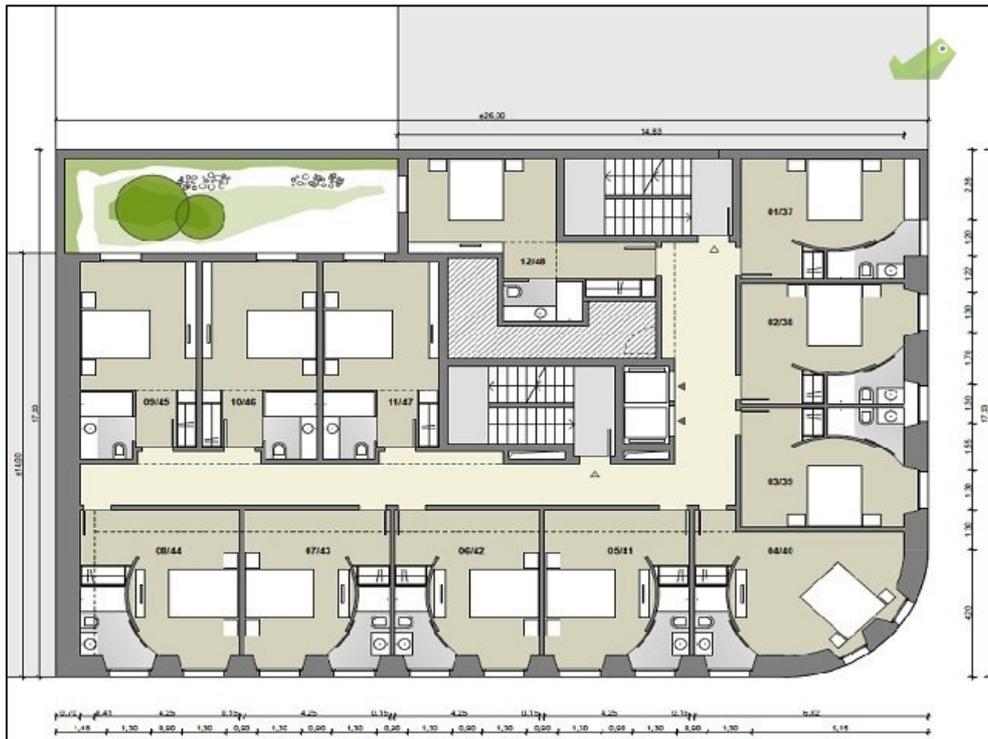
Floor 6 to 8:
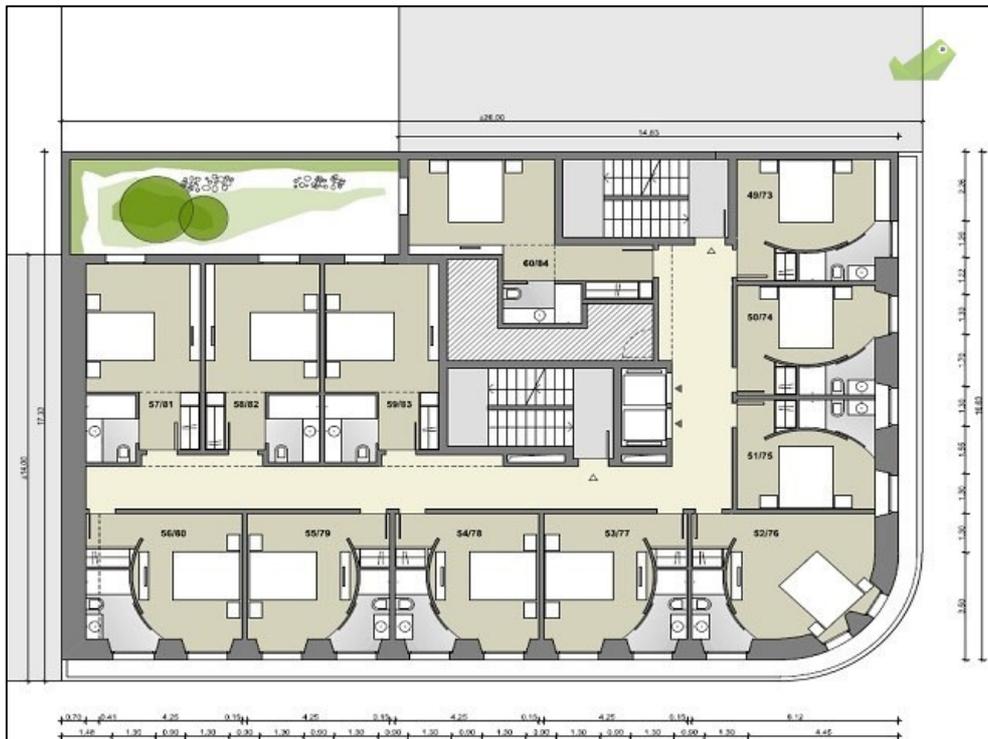
Source: *Casa.Sapo.pt – Portal Nacional de Imobiliário [Accessed 19-07-2015]*

Annex 65 – Equipment

Type of Equipment by Hotel Section	Total Investment Without VAT (E
Common areas	**822.92**
Furniture	481.32
Machinery, Equipments and appliances	341.60
Dining room	**4,607.60**
Dinnerware, glassware and cutlery	1,724.30
Furniture	2,627.56
Interior Design	109.76
White clothes and towels	145.98
Employee Locker Rooms	**2,438.07**
Furniture	2,438.07
Kitchen	**5,579.91**
Kitchenware	483.79
Machinery, Equipments and appliances	5,096.12
Living area	**1,010.47**
Furniture	644.61
Interior Design	365.85
Multipurpose Room	**5,112.29**
Dinnerware, glassware and cutlery	370.98
Furniture	4,375.61
Interior Design	146.34
White clothes and towels	219.37
Office	**3,307.45**
Computers	2,114.63
Furniture	87.79
Machinery, Equipments and appliances	1,105.02
Other equipments	**101,890.24**
Boiler	31,280.49
Lift	46,829.27
Machinery, Equipments and appliances	9,512.20
Telephone Exchange	14,268.29
Reception	**1,986.03**
Computers	983.39
Machinery, Equipments and appliances	1,002.64
Room and private sanitary facilities	**151,407.09**
Furniture	80,969.09
Interior Design	5,707.32
Machinery, Equipments and appliances	10,024.59
Mattresses, bed linen and blankets	28,107.73
Televisions	20,470.24
White clothes and towels	6,128.12
Total Geral	**278,162.06**

Annex 66 – Newhotel Cloud PMS

<u>Main Features and Characteristics</u>

- Manage the individual or group reservations;

- Manage the day-to-day operations of an Hotel reception, such as check-in, check-out, lookup current accounts, insert movements into the guests accounts, payments, deposits, invoicing, annulments, lookup the guests history information, room assignment or change, extension or reduction of the reservation period;

- Manage allotment contracts with or without guarantee and release periods;

- Define and manage prices, packages and special offers in any currency;

- Stop sales and stay controls;

- Do housekeeper operations;

- Manage and optimize processes of variable BAR rates, forecasting schedules, classification by days of occupation (seasons) without limit of levels, and even the building of the demand function (demand curve) and estimate the parameters of the price sensitivity of demand for each market segment and origin;

- Access to reports, statistics and forecasting, such as: daily manager report, production summarized according to USAH (Uniform System), price and RevPAR analysis, statistics and forecasts by market segment, origin and entity, etc.

<u>Price:</u>

Initial Investment					Monthly Fee
Value	**Setup**	**Formation**	**Others**	**Total**	
7,360.43 € [1]	310 €	500 €	110 €	**8,280.43 €**	**409 € [2]**

[1] *Credit: 36 months*

[2] *Payment term: 30 days*

Annex 67 – e-GDS Channel Manager and IF PMS Channel Manager e-GDS

Main Features and Characteristics:

- Inventory and rates management for all room types in all online channels;

- Centralized and simplified allotment management in real time;

- Real-time allotments management;

- Automatic Sell Rate and Net Rate management;

- Stop-sales in seconds;

- Manage supplements per rate plan;

- Monitoring and reporting;

- Update allotments by distributor profile, updating automatically several third party distributors with the same profile;

- Web-based: No software installation and / or hardware;

- User-Friendly Interface.

Price:

Software	Initial Investment				Monthly Fee
	Value	**Setup**	**Formation**	**Total**	
e-GDS Channel Manager	926.8 €[1]	200 €	150 €	**1,276.8 €**	**51.5 €[2]**
IF PMS Channel Manager e-GDS	435.51 €[1]	150 €	100 €	**685.51 €**	**24.2 €[2]**

[1] *Credit: 36 months*

[2] *Payment term: 30 days*

Annex 68 – Website (e-GDS CMS Content Management System)

<u>Newhotel Proposal:</u>

Journey Hotel e-GDS CMS	Value	
	One time	**Monthly Fee**
1. Standard Website		
1.1. Website license	1,450.00 €	495.00 €
1.2. Contents in 2 languages (Portuguese and English)	2,200.00 €	- €
1.3. Graphic design	4,940.00 €	- €
1.3. Newsletter design	400.00 €	- €
1.4. Management of the user through login	1,600.00 €	- €
1.5. Widget integration module	400.00 €	- €
1.6. Form Construction module with automatic sending of e-mail	1,200.00 €	- €
1.7. Security certificate with Dedicated IP	- €	8.33 €
1.7. Dedicated IP	- €	40.00 €
2. Mobile Website		
2.1. Mobile Website license	1,980.00 €	- €
3. Booking Engine Integration		
3.1. Connection between the standard and mobile website with the reservations platform Synxis	750.00 €	- €
3.2. Connection between the Facebook with the reservations platform Synxis	400.00 €	- €
4. Search Engine Optimization (SEO)		
4.1. SEO integrated in the Back office	- €	- €
4.2. SEO optimization on all pages of the site	1.980.00 €	- €
5. Others		
5.1. Creation of Android and IOS APP's	550.00 €	- €
5.2. Contents' compatibility with APP's	150.00 €	- €
5.3. Maintenance	Included on1.1	
5.4. Helpdesk	Included on1.1	
5.5. Website hosting in Cloud	Included on1.1	
Total	**18.000,00 €**	**543,33 €**

Annex 69 – Human Resources

General Manager

Is the responsible for the hotel, guiding and supervising the operation of its different departments. As a responsible for the different sections, he/she will inform the Administration about the investments and the financial, economical and commercial policies, having the capacity to represent the Administration of the hotel within certain powers that are conferred to him/her. Besides this, the General Manager is also responsible for staff management as recruitment & selection, remuneration, compensation perks or promotions as set in their contract of employment.

Moreover, He/she is responsible for the operational departments (Room and Food & Beverage), supervising, coordinating, guiding and organizing them. Thus he/she establishes and guarantees the conditions for an adequate accommodation.

Front Office

The front office functions include making reservations, reception and registration of guests; ensure their accommodation; control the delivery of keys of rooms; register all the consumptions of the customers in the informatic system; prepare and provide the respective invoices to the guests; do check-out; notify the remaining sections about the arrivals and departures of guests and control the reception of luggage and correspondence. Its workers are also responsible for meeting the wishes and complaints of guests, acting accordingly to the hotel procedures.

The Night Auditor, in addition to the previous functions, is responsible for the revision and rectification of the effectuated registers in the system during the day (reservations, consumptions and cash flows) as well as for the closing of the day in the system. Besides this, he/she is also the responsible for the accurate operation of the hotel during the night.

Housekeeping

The main functions of this department are to clean and prepare the rooms for the accommodation of guests as well as ensuring the cleaning of the common areas (reception, living area and sanitary facilities), the multipurpose room, the service areas and the access facilities (lifts, runners, stairs). The inventory control is also his/her responsibility.

Maintenance

The maintenance department must ensure the conservation and accurate operation of the building and the equipment of the hotel. It is responsible for the installation, maintenance and reparation of all equipment and machinery of the hotel and should be apt to respond quickly to the daily intervention requests, mainly those that are directly related to the satisfaction of customers. The department is also responsible for the acclimatization and fire prevention systems. Also, it needs to perform periodic inspections in the hotel and ensure that the department has the tools and materials that are needed to repair and quickly solve problems and faults that affect the operation of the hotel. Furthermore, it needs to register the preventive and repairing interventions made in the hotel as well as the problems that it was asked to solve, reporting to the Operational Manager.

Food and Beverage Department

The main function of this department is to prepare and serve the meals for breakfast, since the hotel will not have any bar or restaurant services. The inventory control is also its responsibility, in coordination with the General Manager. The cleaning and preparation of the kitchen and the floor service should also be made by the department, along with the preparation of the meals for the employees of the hotel.

Sales and Marketing Department

The Department establishes and guarantees the conditions for an accurate distribution and promotion of the hotel, defining policies according to the values, vision, goals and target of the Hotel and approved by the General Manager. The prices and discounts are also defined by this department, as well as the management of complaints and suggestions of the customers. The department provides all the information and reports regarding the sales, occupation and price by distribution channels and customers, as well as planning and forecasting maps.

Sales Assistant

The main functions of the Sales Assistant is to sell and represent the hotel outside, visiting and signing protocols and contracts with companies, travel agencies and tour operators, as well as managing and listening the complaints and suggestions of the customers. The main focus will be on the protocols with companies, since there is a

direct channel that depends mainly on hotel's effort and does not represent extra costs to it. The assistant provides information and reports to the General Manager regarding their achievements and clients, and he/she also helps the director on sales, occupation and price reports and on planning and forecast maps.

E-commerce and Marketing

The main functions of the E-commerce and Marketing employee are to manage the online distribution channels properly, as well as to promote the hotel, according to the defined marketing plan. Thus, he/she is responsible for the management of the online distribution channels and the hotel's site, as well as for the social media platforms. He/She provides information and reports to the General Manager regarding their achievements and the results of their actions, as well as to help the director on sales, occupation and price reports and on planning and forecast maps, mainly related with the online segment.

Administrative Department

The administrative department is responsible for ensuring and processing the payments of all the hotel's suppliers; for computing all travel agent commissions payable; for controlling and balancing all advance deposits; for keeping all records relating to payroll and salaries; for issuing guest checks daily to all front office cashiers and for ensuring the follow-up on missing checks and preparing cashier's daily report. This department is also responsible for the control of purchase and stock of the raw-materials and internal consumption according to the demand of the various departments in the hotel, as well as helping the General Manager in the Human Resources procedures, organizing the recruitment and selection process and the formation of the new staff. Besides that, he/she also collects and organizes the different information in order to send to the outsourced Accounting Company that is responsible for all the accounting activities, including salaries processing.

Annex 70 – Project Planning and Implementation

1. Business Plan Preparation and decision making

After identify and idea of business, it is crucial to develop a business plan to support it. At this point, there must be collected and analysed information about the environment,

industry, demand, supply and competition according to the defined concept, followed by the definition of the service that the Hotel will offer, as well as, its target, location, dimension, required resources and investment. To conclude, it is crucial to prepare a project financial analysis and evaluation, allowing an accurate decision making.

2. Incorporation of the company

The company can be set up at the platform *Empresa na Hora*, being and easy and quickly process:

- Define a name for the company and choose a standard memorandum. They should be pre-approved firstly;
- Start the incorporation process in one of the service station *Empresa na Hora*;
- Indicate a *Técnico Oficial de Contas (TOC)* or choose one from the *Bolsa de TOCs* in order to deliver a Statement of Star-up of Activity, due to tax purposes.
- Deposit the amount of the share capital in an available bank account with the name of the company until 5 working days after the incorporation or deliver the amount in the coffers of the company until the end of the first financial year.

The service has a fixed cost of 360 euros, which need to be paid at the time of the company constitution, in cash or by ATM or by banker check.

3. Selection and negotiation of the building with a pre-approved Architecture Project

For the study, was considered a pre-approved project to the construction of a 3-star hotel, with 96 rooms, located in *Avenida da Liberdade (São Sebastião da Pedreira - Avenidas Novas),* Lisbon. This is a rehabilitation project with an overall cost of 9,500,000 euros, including all the construction and license costs, as well as, the land price.

4. Confirmation of the license for the exercise of the activity

Before proceeding with any formality, it is necessary to confirm if the potential property fulfills the requirements to be explored. Consequently, it must be requested the permanent certificate of property registration.

5. Negotiation of the Real Estate Leasing

At this level it is important to present the business project to the financial institutions and banks and analyse their offered conditions in order to negotiate and choose the most advantageous proposal for the financing of the project.

6. Municipal License

Before proceed with the construction works, the City Hall of Lisbon has to approve the project and give the building license for the construction. The license costs are included in the construction value mentioned on the point 3.

7. Architecture and engineering project of execution

After the final approval of the City Hall of Lisbon, the architecture an engineering project of execution needs to be developed, changing and completing the original plan according to the alterations required by the City Hall, as well as, defining the necessary materials and next steps to the execution of the project.

8. Construction of the building

The construction of the building will have multiple phases, being predicted a duration of between 9 to 10 months. Regarding the costs, they are explained in the point 3.

9. Research of Equipment and IT suppliers
10. Contract of the Equipment and IT Suppliers
11. Reception and Equipment Assembly
12. Recruitment Process of Staff

The Hotel needs to hire employees according to the defined Organization.

13. Final Inspection and Business License

Finished the works, it is necessary to carry out an inspection in order to verify if it is everything in accordance with the presented project. If affirmative, the Hotel has the right conditions to start, being required an authorization for tourism purposes. It is estimated a deadline of 20 days between the City Hall authorization decision and the issuance of the respective license.

14. Training

They will be admitted two weeks before the Hotels' Opening, allowing the development of a personal training regarding the values, rules and procedures of the hotel, as well as,

the software used in their functions. Thus, the training program will be faced by the General Manager and by the equipment suppliers.

15. Promote and Communicate the Hotels' Opening

Before starting the business activity, the Hotel will be promoted through the institutional website, social networks and through press release, informing the media about the opening of the hotel.

16. Hotels' Opening

According to the planning, the predicted date to the open of the Hotel is 15th of April of 2017.

Annex 71 – Financing Map

Real Estate Leasing (kEUR)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Initial Debt Capital	6,241.3	6,241.3	6,241.3	5,819.1	5,365.0	4,876.8	4,351.7	3,787.1	3,180.0	2,527.1	1,825.0	1,070.0
Amortization of Capital	-	-	422.2	454.0	488.3	525.0	564.6	607.1	652.9	702.1	755.0	1,070.0
Interests	352.7	470.3	470.3	438.5	404.3	367.5	327.9	285.4	239.6	190.4	137.5	80.6
Rent	352.7	470.3	892.5	892.5	892.5	892.5	892.5	892.5	892.5	892.5	892.5	1,150.6
Final Debt Capital	6,241.3	6,241.3	5,819.1	5,365.0	4,876.8	4,351.7	3,787.1	3,180.0	2,527.1	1,825.0	1,070.0	-

Financing Expenses	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Interests	352.7	470.3	470.3	438.5	404.3	367.5	327.9	285.4	239.6	190.4	137.5	80.6
Formalization Comission (2%)	124.8	-	-	-	-	-	-	-	-	-	-	-
Rent Processement Commission (1.85€)	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contract Management Commission (16€)	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Stamp Tax (4%)	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Supporting Computations:

$$Rent = \text{(Initial Debt Capital} - \text{Residual Value)} / [(1 - (1 + i)^{-n})/(i)] \ (5)$$

Term (years)	10
Interest Rate (TAN)	7.54%
Euribor 6 Months (360 days of September 2015)	0.035%
Spread	7.50%
Residual Value (2%)	124.8
Annual Rent (kEUR) (5)	892.5

Annex 72 – General Assumptions

1. VAT Rates

VAT rates				
Sales			**Services**	
Bed and Breakfast	6%		Electricity	6%
Extra beds	6%		Water	6%
Multipurpose room	23%		Gas	6%
Parking	23%		Accounting	23%
Goods			Laundry	23%
Food	13%		Marketing Promotion	23%
Drink	13%		IT	23%
Amenities	23%		Communications	23%
Cleaning	23%		Temporary employment agency	23%
Assets			Safety	23%
Fixed Assets	23%			

Source: CIVA

2. Depreciations

Depreciation of Fixed Assets	Life Cycle (Years)	%
Building	20	5%
Lifts	10	10%
Boiler	14	7%
Machinery, Equipment and Appliances	5	20%
Computers	3	33%
TV	7	14%
Design	8	13%
Furniture	8	13%
Software	3	33%
Telephone Exchange	10	10%
Mattresses, bed linen and blankets	8	13%
White clothes and towels	8	13%
Dinnerware, glassware and cutlery	4	25%
Kitchenware	4	25%
Website	3	33%
Interim Interest	3	33%

Source: CIRC

3. Hotel Characteristics

Hotel Characteristics	
Parking spaces (units)	30
Number of Rooms (units)	104
Price Growth rate (%)	1.10%
Extra Beds (units)	30
Double Occupation Index (persons)	1.5
Average Stay (days)	3
Electricity/occupied room (euros)	3.5
Water/occupied room (euros)	1.05
Gas/occupied room (euros)	1.15
Communication/occupied room (euros)	1.5
Accounting costs/total revenues (%)	0.4%
Other Services/total revenues (%)	0.5%

Annex 73 – Sales Forecast: Bed and Breakfast and Extra Bed

Years	Days	Lisbon				Lisbon Journey Hotel					
		Total Overnight Stays (City)	Growth Rate	Occupation Rate 3-Star Hotels		Occupation Rate	Room Nights	Growth Rate	Price	Bed & Breakfast Revenues	Extra Beds Revenues
2010	365	8,638		70%							
2011	365	9,044	4.7%	70%							
2012	366	9,472	4.7%	71%							
2013	365	10,067	6.3%	72%							
2014	365	11,545	14.7%	76%							
2015	365	12,122	5.0%	77%	*						
2016	366	12,728	5.0%	77%	*						
2017	365	13,365	5.0%	77%	*	30%	11,540	-	75.0	865,500	21,638
2018	365	14,033	5.0%	77%	*	47%	17,994	-	76.6	1,378,340	34,459
2019	365	14,734	5.0%	77%	*	54%	20,651	14.8%	78.7	1,625,234	40,631
2020	366	14,955	1.5%	78%	**	59%	22,611	9.5%	80.3	1,815,663	45,392
2021	365	15,180	1.5%	78%	**	65%	24,826	9.8%	82.8	2,055,593	51,390
2022	365	15,407	1.5%	78%	**	70%	26,572	7.0%	83.7	2,224,076	55,602
2023	365	15,639	1.5%	78%	**	71%	26,971	1.5%	84.6	2,282,305	57,058
2024	366	15,873	1.5%	78%	**	72%	27,451	1.5%	85.6	2,348,475	58,712
2025	365	16,111	1.5%	79%	**	73%	27,786	1.5%	86.5	2,403,283	60,082
2026	365	16,353	1.5%	79%	**	74%	28,203	1.5%	87.4	2,466,183	61,655
2027	365	16,598	1.5%	79%	**	75%	28,626	1.5%	88.4	2,530,707	63,268
2028	366	16,847	1.5%	79%	**	77%	29,135	1.5%	89.4	2,604,039	65,101
2029	365	17,100	1.5%	79%	**	78%	29,491	1.5%	90.4	2,664,852	66,621
2030	365	17,356	1.5%	80%	**	79%	29,934	1.5%	91.4	2,734,636	68,366
2031	365	17,617	1.5%	80%	**	80%	30,383	1.5%	92.4	2,806,186	70,155
2032	366	17,881	1.5%	80%	**	81%	30,923	1.5%	93.4	2,887,478	72,187
2033	365	18,149	1.5%	80%	**	82%	31,301	1.5%	94.4	2,954,924	73,873
2034	365	18,421	1.5%	80%	**	84%	31,770	1.5%	95.4	3,032,191	75,805
2035	365	18,698	1.5%	81%	**	85%	32,247	1.5%	96.5	3,111,572	77,789
2036	366	18,978	1.5%	81%	**	86%	32,820	1.5%	97.6	3,201,697	80,042

Annex 74 – Sales Forecast: Multipurpose Room

Years	Days	Small Room						Fool Room						Other Revenues	Total Revenues
		Half-day			Full-Day			Half-day			Full-Day				
		Occ.	Price	Revenues	Occ.	Price	Revenues	Occ.	Price	Revenues	Occ.	Price	Revenues		
2017	243	73	125	9,125	37	200	7,400	49	200	9,800	25	350	8,750	8,769	43,844
2018	365	110	126	13,901	55	200	11,000	73	200	14,600	37	350	12,950	13,113	65,564
2019	365	113	128	14,437	57	202	11,525	75	202	15,165	38	354	13,446	13,644	68,218
2020	366	116	129	14,984	59	204	12,061	77	204	15,741	39	358	13,952	14,184	70,922
2021	365	119	131	15,540	61	207	12,607	79	207	16,327	40	362	14,467	14,735	73,677
2022	365	122	132	16,107	63	209	13,164	81	209	16,925	41	366	14,992	15,297	76,484
2023	365	125	133	16,685	65	211	13,731	83	211	17,533	42	370	15,526	15,869	79,345
2024	366	128	135	17,273	67	214	14,309	85	214	18,153	43	374	16,071	16,452	82,259
2025	365	131	136	17,873	69	216	14,898	87	216	18,785	44	378	16,626	17,045	85,227
2026	365	134	138	18,483	71	218	15,499	89	218	19,428	45	382	17,191	17,650	88,251
2027	365	137	139	19,105	73	221	16,111	91	221	20,083	46	386	17,766	18,266	91,331
2028	366	140	141	19,738	75	223	16,734	93	223	20,750	47	390	18,352	18,894	94,468
2029	365	143	143	20,383	77	226	17,369	95	226	21,430	48	395	18,948	19,533	97,663
2030	365	146	144	21,039	79	228	18,017	97	228	22,122	49	399	19,556	20,183	100,916
2031	365	149	146	21,708	81	231	18,676	99	231	22,826	50	403	20,175	20,846	104,230
2032	366	152	147	22,388	83	233	19,347	101	233	23,543	51	408	20,804	21,521	107,604
2033	365	156	149	23,230	85	236	20,032	104	236	24,509	53	412	21,858	22,407	112,036
2034	365	160	151	24,088	87	238	20,728	107	238	25,494	55	417	22,932	23,311	116,553
2035	365	164	152	24,962	89	241	21,438	110	241	26,497	57	422	24,028	24,231	121,156
2036	366	168	154	25,852	91	244	22,161	113	244	27,519	59	426	25,144	25,169	125,845

Annex 75 – Sales Forecast: Parking

Year	Days	Parking Space Sold	Price	Revenues	Year	Days	Parking Space Sold	Price	Revenues
2017	243	2,885	15	43,275	2027	365	7,157	15	107,355
2018	365	4,499	15	67,485	2028	366	7,284	15	109,260
2019	365	5,163	15	77,445	2029	365	7,373	15	110,595
2020	366	5,653	15	84,795	2030	365	7,484	15	112,260
2021	365	6,207	15	93,105	2031	365	7,596	15	113,940
2022	365	6,643	15	99,645	2032	366	7,731	15	115,965
2023	365	6,743	15	101,145	2033	365	7,826	15	117,390
2024	366	6,863	15	102,945	2034	365	7,943	15	119,145
2025	365	6,947	15	104,205	2035	365	8,062	15	120,930
2026	365	7,051	15	105,765	2036	366	8,205	15	123,075

Annex 76 – Sales and Commissions by Origin of Reservation

Origin of Reservations	% on Total Bed and Breakfast Sales																			
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Internet																				
GDS	5%	5%	5%	6%	6%	6%	6%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
OTA's	63%	62%	59%	54%	54%	53%	52%	49%	49%	47%	45%	43%	43%	42%	42%	41%	40%	40%	40%	40%
Own website	1%	1%	1%	1%	1%	1%	1%	1%	1%	2%	2%	3%	3%	3%	3%	3%	3%	4%	4%	4%
Companies	12%	13%	13%	15%	15%	16%	17%	19%	20%	20%	22%	23%	23%	24%	24%	24%	25%	25%	25%	25%
Traditional Travel Agencies and Tour	4%	4%	5%	6%	6%	6%	6%	6%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	4%	4%
Directs	15%	15%	17%	18%	18%	18%	18%	18%	18%	19%	19%	19%	19%	20%	20%	20%	20%	20%	20%	20%

Origin of Reservations	Sales by Origin (kEUR)																			
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Internet																				
GDS	43.3	68.9	81.3	108.9	123.3	133.4	136.9	152.7	156.2	160.3	177.1	182.3	186.5	191.4	196.4	202.1	206.8	212.3	217.8	224.1
OTA's	542.7	850.4	956.5	977.7	1,106.9	1,169.9	1,177.7	1,153.1	1,180.0	1,161.6	1,128.7	1,122.3	1,148.6	1,134.9	1,164.6	1,183.9	1,182.0	1,197.7	1,244.6	1,280.7
Own website	4.3	6.9	12.2	13.6	15.4	22.2	22.8	23.5	24.0	49.3	50.6	65.1	66.6	68.4	70.2	86.6	88.6	106.1	124.5	128.1
Companies	107.3	184.7	217.8	279.6	316.6	364.7	397.1	455.6	490.3	503.1	566.9	609.3	623.6	656.3	673.5	693.0	738.7	758.0	777.9	800.4
Traditional Travel Agencies and Tour	34.6	55.1	81.3	108.9	123.3	133.4	136.9	140.9	120.2	123.3	126.5	130.2	133.2	136.7	140.3	144.4	147.7	151.6	124.5	128.1
Directs	133.3	212.3	276.3	326.8	370.0	400.3	410.8	422.7	432.6	468.6	480.8	494.8	506.3	546.9	561.2	577.5	591.0	606.4	622.3	640.3
Total Sales	865.5	1,378.3	1,625.2	1,815.7	2,055.6	2,224.1	2,282.3	2,348.5	2,403.3	2,466.2	2,530.7	2,604.0	2,664.9	2,734.6	2,806.2	2,887.5	2,954.9	3,032.2	3,111.6	3,201.7

Origin of Reservations		Commissions (kEUR)																			
		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Internet																					
GDS platforms	10%	4.3	6.9	8.1	10.9	12.3	13.3	13.7	15.3	15.6	16.0	17.7	18.2	18.7	19.1	19.6	20.2	20.7	21.2	21.8	22.4
OTA's	19%	100.4	157.3	176.9	180.9	204.8	216.4	217.9	213.3	218.3	214.9	208.8	207.6	212.5	210.0	215.4	219.0	218.7	221.6	230.3	236.9
Own website	2%	0.1	0.1	0.2	0.3	0.3	0.4	0.5	0.5	0.5	1.0	1.0	1.3	1.3	1.4	1.4	1.7	1.8	2.1	2.5	2.6
Companies	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Traditional Travel Agencies and	20%	6.8	10.8	15.8	21.2	24.1	26.0	26.7	27.5	23.4	24.0	24.7	25.4	26.0	26.7	27.4	28.2	28.8	29.6	24.3	25.0
Directs	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Commissions and Reservation Fees		111.6	175.1	201.2	213.3	241.5	256.2	258.7	256.5	257.8	256.0	252.2	252.6	258.5	257.1	263.9	269.1	269.9	274.5	278.8	286.9

Annex 77 – Temporary Employment Agencies

			Housekeeping										Dining Room - Floor Service			
			Cleaning Rooms			Hired Employes			Temporary Employment Agencies (Outsourcing)				Temporary Employment Agencies (Outsourcing)			
Year	Room Nights	Average Stay	Rooms in Check-out	Rooms in house	Total Cleaning rooms*	Number of employees	Work days	Rooms Cleaned	Rooms Cleaned	Outsourced hours	Price/hour	Total Cost	Number of Workers	Outsourced hours	Price/hour	Total Cost
2017	11,540	3	3,847	7,693	13,848	3	148	10,212	3,636	1,265	6.45	8,159	3	2,740	6.45	17,673
2018	17,994	3	5,998	11,996	21,593	3	239	16,491	5,102	1,775	6.45	11,449	3	3,650	6.45	23,543
2019	20,651	3	6,884	13,767	24,781	3	239	16,491	8,290	2,884	6.45	18,602	3	3,650	6.40	23,360
2020	22,611	3	7,537	15,074	27,133	3	240	16,560	10,573	3,678	6.45	23,723	3	3,660	6.40	23,424
2021	24,826	3	8,275	16,551	29,791	4	239	21,988	7,803	2,715	6.52	17,704	3	3,650	6.47	23,617
2022	26,572	3	8,857	17,715	31,886	4	239	21,988	9,898	3,443	6.52	22,452	3	3,650	6.47	23,617
2023	26,971	3	8,990	17,981	32,365	4	239	21,988	10,377	3,610	6.52	23,541	3	3,650	6.47	23,617
2024	27,451	3	9,150	18,301	32,941	4	240	22,080	10,861	3,778	6.59	24,907	3	3,660	6.54	23,942
2025	27,786	3	9,262	18,524	33,343	4	239	21,988	11,355	3,950	6.59	26,041	3	3,650	6.54	23,877
2026	28,203	3	9,401	18,802	33,844	4	239	21,988	11,856	4,124	6.59	27,188	3	3,650	6.54	23,877
2027	28,626	3	9,542	19,084	34,351	4	239	21,988	12,363	4,301	6.67	28,667	3	3,650	6.61	24,139
2028	29,135	3	9,712	19,423	34,962	4	240	22,080	12,882	4,481	6.67	29,867	3	3,660	6.61	24,206
2029	29,491	3	9,830	19,661	35,389	4	239	21,988	13,401	4,662	6.67	31,073	3	3,650	6.61	24,139
2030	29,934	3	9,978	19,956	35,921	4	239	21,988	13,933	4,847	6.74	32,662	3	3,650	6.69	24,405
2031	30,383	3	10,128	20,255	36,460	4	239	21,988	14,472	5,034	6.74	33,922	3	3,650	6.69	24,405
2032	30,923	3	10,308	20,615	37,108	4	240	22,080	15,028	5,228	6.74	35,229	3	3,660	6.69	24,472
2033	31,301	3	10,434	20,867	37,561	4	239	21,988	15,573	5,417	6.81	36,904	3	3,650	6.76	24,673
2034	31,770	3	10,590	21,180	38,124	4	239	21,988	16,136	5,613	6.81	38,239	3	3,650	6.76	24,673
2035	32,247	3	10,749	21,498	38,696	4	239	21,988	16,708	5,812	6.81	39,595	3	3,650	6.76	24,673
2036	32,820	3	10,940	21,880	39,384	4	239	21,988	17,396	6,051	6.89	41,677	3	3,650	6.83	24,945

Annex 78 – Payroll

Payroll	Number of employees	Remuneration (Euros)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Remunerations			**154,825**	**219,139**	**221,550**	**223,987**	**234,093**	**236,668**	**239,271**	**241,903**	**244,564**	**247,255**
Permanent Contract:												
General Manager	1	2,875	28,750	40,693	41,140	41,593	42,050	42,513	42,981	43,453	43,931	44,415
Receptionists	4	725	29,000	41,047	41,498	41,955	42,416	42,883	43,354	43,831	44,313	44,801
Night Auditor	1	1,015	10,150	14,366	14,524	14,684	14,846	15,009	15,174	15,341	15,510	15,680
Housekeepers	4	600	18,000	25,477	25,757	26,041	33,970	34,343	34,721	35,103	35,489	35,879
Maintenance	1	750	7,500	10,616	10,732	10,850	10,970	11,090	11,212	11,336	11,460	11,586
Kitchen	2	750	15,000	21,231	21,465	21,701	21,939	22,181	22,425	22,671	22,921	23,173
Sales Assistant	1	1,000	10,000	14,154	14,310	14,467	14,626	14,787	14,950	15,114	15,280	15,449
E-commerce and Marketing	1	1,125	11,250	15,923	16,098	16,275	16,455	16,636	16,819	17,004	17,191	17,380
Administrative	1	750	7,500	10,616	10,732	10,850	10,970	11,090	11,212	11,336	11,460	11,586
Internship contract:												
Maintenance	0.5	505	2,525	3,574	3,613	3,653	3,693	3,734	3,775	3,816	3,858	3,901
Kitchen	1	505	5,050	7,148	7,226	7,306	7,386	7,467	7,550	7,633	7,717	7,802
Receptionists	1	505	5,050	7,148	7,226	7,306	7,386	7,467	7,550	7,633	7,717	7,802
Administrative	1	505	5,050	7,148	7,226	7,306	7,386	7,467	7,550	7,633	7,717	7,802
Contribution to social Security (23,75%)			**36,771**	**52,046**	**52,618**	**53,197**	**55,597**	**56,209**	**56,827**	**57,452**	**58,084**	**58,723**
Insurance and Labor Medicine	**19.5**	**15**	**2,340**	**3,549**	**3,588**	**3,627**	**3,667**	**3,707**	**3,748**	**3,789**	**3,831**	**3,873**
Training Expenses	**16**		**4,000**	**800**	**809**	**818**	**827**	**836**	**845**	**854**	**864**	**873**
Other Payroll Expenses			**1,548**	**2,191**	**2,215**	**2,240**	**2,341**	**2,367**	**2,393**	**2,419**	**2,446**	**2,473**
Total Expenses			**199,484**	**277,725**	**280,780**	**283,868**	**296,525**	**299,787**	**303,084**	**306,418**	**309,789**	**313,196**

Payroll	Number of employees	Remuneration (Euros)	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Remunerations			**249,974**	**252,724**	**255,504**	**258,315**	**261,156**	**264,029**	**266,933**	**269,869**	**272,838**	**275,839**
Permanent Contract:												
General Manager	1	2,875	44,903	45,397	45,897	46,401	46,912	47,428	47,950	48,477	49,010	49,549
Receptionists	4	725	45,294	45,792	46,296	46,805	47,320	47,840	48,366	48,899	49,436	49,980
Night Auditor	1	1,015	15,853	16,027	16,203	16,382	16,562	16,744	16,928	17,114	17,303	17,493
Housekeepers	4	600	36,274	36,673	37,077	37,484	37,897	38,314	38,735	39,161	39,592	40,027
Maintenance	1	750	11,714	11,843	11,973	12,105	12,238	12,372	12,509	12,646	12,785	12,926
Kitchen	2	750	23,428	23,685	23,946	24,209	24,476	24,745	25,017	25,292	25,571	25,852
Sales Assistant	1	1,000	15,619	15,790	15,964	16,140	16,317	16,497	16,678	16,862	17,047	17,235
E-commerce and Marketing	1	1,125	17,571	17,764	17,960	18,157	18,357	18,559	18,763	18,969	19,178	19,389
Administrative	1	750	11,714	11,843	11,973	12,105	12,238	12,372	12,509	12,646	12,785	12,926
Internship contract:												
Maintenance	0.5	505	3,944	3,987	4,031	4,075	4,120	4,165	4,211	4,258	4,304	4,352
Kitchen	1	505	7,887	7,974	8,062	8,151	8,240	8,331	8,422	8,515	8,609	8,703
Receptionists	1	505	7,887	7,974	8,062	8,151	8,240	8,331	8,422	8,515	8,609	8,703
Administrative	1	505	7,887	7,974	8,062	8,151	8,240	8,331	8,422	8,515	8,609	8,703
Contribution to social Security (23,75%)			**59,369**	**60,022**	**60,682**	**61,350**	**62,025**	**62,707**	**63,397**	**64,094**	**64,799**	**65,512**
Insurance and Labor Medicine	**19.5**	**15**	**3,916**	**3,959**	**4,002**	**4,046**	**4,091**	**4,136**	**4,181**	**4,227**	**4,274**	**4,321**
Training Expenses	**16**		**883**	**892**	**902**	**912**	**922**	**932**	**943**	**953**	**964**	**974**
Other Payroll Expenses			**2,500**	**2,527**	**2,555**	**2,583**	**2,612**	**2,640**	**2,669**	**2,699**	**2,728**	**2,758**
Total Expenses			**316,642**	**320,125**	**323,646**	**327,206**	**330,805**	**334,444**	**338,123**	**341,843**	**345,603**	**349,404**

Annex 79 – Employee Retentions

Employee Retentions	Remuneration	IRS Tax	Contribution to Social Security	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Permanent Contract													
General Manager	2,875	28%	11%	11,688	16,543	16,725	16,909	17,095	17,283	17,473	17,665	17,859	18,056
Receptionists	750	8%	11%	6,192	8,764	8,861	8,958	9,057	9,157	9,257	9,359	9,462	9,566
Night Auditor	1,125	15%	11%	2,853	4,038	4,082	4,127	4,173	4,219	4,265	4,312	4,359	4,407
Housekeepers	650	5%	11%	3,409	4,825	4,878	4,932	6,434	6,505	6,576	6,649	6,722	6,796
Maintenance	750	8%	11%	1,601	2,267	2,292	2,317	2,342	2,368	2,394	2,420	2,447	2,474
Kitchen	750	8%	11%	3,203	4,533	4,583	4,634	4,685	4,736	4,788	4,841	4,894	4,948
Sales Assistant	1,020	13%	11%	2,618	3,705	3,746	3,787	3,829	3,871	3,913	3,957	4,000	4,044
E-commerce and Marketing	1,250	16%	11%	3,271	4,629	4,680	4,732	4,784	4,836	4,890	4,943	4,998	5,053
Administrative	850	9%	11%	1,674	2,369	2,395	2,422	2,448	2,475	2,502	2,530	2,558	2,586
Internship contract:													
Maintenance	505	0%	11%	278	393	397	402	406	411	415	420	424	429
Kitchen	505	0%	11%	556	786	795	804	812	821	830	840	849	858
Receptionists	505	0%	11%	556	786	795	804	812	821	830	840	849	858
Administrative	505	0%	11%	556	786	795	804	812	821	830	840	849	858
Total				**38,453**	**54,426**	**55,025**	**55,630**	**57,689**	**58,324**	**58,965**	**59,614**	**60,270**	**60,933**

Employee Retentions	Remuneration	IRS Tax	Contribution to Social Security	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Permanent Contract													
General Manager	2,875	28%	11%	18,254	18,455	18,658	18,863	19,071	19,281	19,493	19,707	19,924	20,143
Receptionists	750	8%	11%	9,671	9,778	9,885	9,994	10,104	10,215	10,327	10,441	10,556	10,672
Night Auditor	1,125	15%	11%	4,456	4,505	4,554	4,604	4,655	4,706	4,758	4,810	4,863	4,917
Housekeepers	650	5%	11%	6,870	6,946	7,022	7,100	7,178	7,257	7,336	7,417	7,499	7,581
Maintenance	750	8%	11%	2,501	2,529	2,557	2,585	2,613	2,642	2,671	2,700	2,730	2,760
Kitchen	750	8%	11%	5,002	5,057	5,113	5,169	5,226	5,284	5,342	5,401	5,460	5,520
Sales Assistant	1,020	13%	11%	4,089	4,134	4,179	4,225	4,271	4,318	4,366	4,414	4,462	4,512
E-commerce and Marketing	1,250	16%	11%	5,108	5,164	5,221	5,279	5,337	5,395	5,455	5,515	5,575	5,637
Administrative	850	9%	11%	2,614	2,643	2,672	2,701	2,731	2,761	2,792	2,822	2,853	2,885
Internship contract:													
Maintenance	505	0%	11%	434	439	443	448	453	458	463	468	473	479
Kitchen	505	0%	11%	868	877	887	897	906	916	926	937	947	957
Receptionists	505	0%	11%	868	877	887	897	906	916	926	937	947	957
Administrative	505	0%	11%	868	877	887	897	906	916	926	937	947	957
Total				**61,603**	**62,281**	**62,966**	**63,658**	**64,359**	**65,067**	**65,782**	**66,506**	**67,238**	**67,977**

Annex 80 – Consumed Goods

Year	Room Nights	Double Occupancy Index	Number of Guests	Food and Beverage		Amenities		Cleaning		Office	Costs of other goods consumed	Total Costd of goods consumed
				Unitary cost by Breakfast	Costs of goods consumed	Unitary costs by amenities consumed	Costs of Amenities consumed	Unitary costs of cleaning goods consumed	Costs of Cleaning goods consumed	Costs of Office material		
2017	11,540	1.5	17,310	2.0	33,755	0.6	10,386	0.3	3,462	1,500	1,000	50,103
2018	17,994	1.5	26,991	2.0	52,632	0.6	16,195	0.3	5,398	1,500	1,000	76,725
2019	20,651	1.5	30,977	2.0	61,070	0.6	18,791	0.3	6,263	1,517	1,011	88,651
2020	22,611	1.5	33,917	2.0	67,601	0.6	20,800	0.3	6,933	1,533	1,022	97,890
2021	24,826	1.5	37,239	2.0	75,039	0.6	23,089	0.3	7,696	1,550	1,033	108,407
2022	26,572	1.5	39,858	2.0	81,200	0.6	24,985	0.3	8,328	1,567	1,045	117,124
2023	26,971	1.5	40,457	2.1	83,327	0.6	25,639	0.3	8,546	1,584	1,056	120,152
2024	27,451	1.5	41,177	2.1	85,743	0.6	26,382	0.3	8,794	1,602	1,068	123,588
2025	27,786	1.5	41,679	2.1	87,742	0.6	26,998	0.3	8,999	1,619	1,080	126,438
2026	28,203	1.5	42,305	2.1	90,040	0.7	27,705	0.3	9,235	1,637	1,091	129,708
2027	28,626	1.5	42,939	2.2	92,395	0.7	28,429	0.3	9,476	1,655	1,103	133,059
2028	29,135	1.5	43,703	2.2	95,073	0.7	29,253	0.3	9,751	1,673	1,116	136,866
2029	29,491	1.5	44,237	2.2	97,293	0.7	29,936	0.3	9,979	1,692	1,128	140,028
2030	29,934	1.5	44,901	2.2	99,840	0.7	30,720	0.3	10,240	1,710	1,140	143,651
2031	30,383	1.5	45,575	2.2	102,453	0.7	31,524	0.3	10,508	1,729	1,153	147,368
2032	30,923	1.5	46,385	2.3	105,421	0.7	32,437	0.3	10,812	1,748	1,166	151,585
2033	31,301	1.5	46,952	2.3	107,884	0.7	33,195	0.4	11,065	1,767	1,178	155,089
2034	31,770	1.5	47,655	2.3	110,704	0.7	34,063	0.4	11,354	1,787	1,191	159,099
2035	32,247	1.5	48,371	2.3	113,603	0.7	34,955	0.4	11,651	1,807	1,204	163,220
2036	32,820	1.5	49,230	2.4	116,892	0.7	35,967	0.4	11,989	1,826	1,218	167,892

Annex 81 – Stock (Euros)

Year	Food and Beverage				Amenities				Cleaning				Office stuff				Total final stock
	Initial Stock	Purchasing	Consumption	Final Stock	Initial Stock	Purchasing	Consumption	Final Stock	Initial Stock	Purchasing	Consumption	Final Stock	Initial Stock	Purchasing	Consumption	Final Stock	
2017	0	34,598	33,755	844	0	11,684	10,386	1,298	0	3,895	3,462	433	0	1,688	1,500	188	2,762
2018	844	52,666	52,632	877	1,298	16,246	16,195	1,350	433	5,415	5,398	450	188	1,438	1,500	125	2,802
2019	877	61,210	61,070	1,018	1,350	19,007	18,791	1,566	450	6,336	6,263	522	125	1,518	1,517	126	3,232
2020	1,018	67,710	67,601	1,127	1,566	20,968	20,800	1,733	522	6,989	6,933	578	126	1,535	1,533	128	3,566
2021	1,127	75,163	75,039	1,251	1,733	23,280	23,089	1,924	578	7,760	7,696	641	128	1,551	1,550	129	3,945
2022	1,251	81,302	81,200	1,353	1,924	25,143	24,985	2,082	641	8,381	8,328	694	129	1,569	1,567	131	4,260
2023	1,353	83,362	83,327	1,389	2,082	25,694	25,639	2,137	694	8,564	8,546	712	131	1,586	1,584	132	4,370
2024	1,389	85,783	85,743	1,429	2,137	26,444	26,382	2,199	712	8,815	8,794	733	132	1,603	1,602	133	4,494
2025	1,429	87,776	87,742	1,462	2,199	27,049	26,998	2,250	733	9,016	8,999	750	133	1,621	1,619	135	4,597
2026	1,462	90,078	90,040	1,501	2,250	27,764	27,705	2,309	750	9,254	9,235	770	135	1,639	1,637	136	4,715
2027	1,501	92,434	92,395	1,540	2,309	28,490	28,429	2,369	770	9,497	9,476	790	136	1,657	1,655	138	4,837
2028	1,540	95,118	95,073	1,585	2,369	29,322	29,253	2,438	790	9,774	9,751	813	138	1,675	1,673	139	4,974
2029	1,585	97,330	97,293	1,622	2,438	29,993	29,936	2,495	813	9,998	9,979	832	139	1,693	1,692	141	5,089
2030	1,622	99,882	99,840	1,664	2,495	30,785	30,720	2,560	832	10,262	10,240	853	141	1,712	1,710	143	5,220
2031	1,664	102,497	102,453	1,708	2,560	31,591	31,524	2,627	853	10,530	10,508	876	143	1,731	1,729	144	5,354
2032	1,708	105,471	105,421	1,757	2,627	32,513	32,437	2,703	876	10,838	10,812	901	144	1,750	1,748	146	5,507
2033	1,757	107,925	107,884	1,798	2,703	33,258	33,195	2,766	901	11,086	11,065	922	146	1,769	1,767	147	5,634
2034	1,798	110,751	110,704	1,845	2,766	34,135	34,063	2,839	922	11,378	11,354	946	147	1,789	1,787	149	5,779
2035	1,845	113,651	113,603	1,893	2,839	35,029	34,955	2,913	946	11,676	11,651	971	149	1,808	1,807	151	5,928
2036	1,893	116,947	116,892	1,948	2,913	36,051	35,967	2,997	971	12,017	11,989	999	151	1,828	1,826	152	6,097

Annex 82 – Costs of Facilities and Outsourcing Services

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Total Revenues (kEUR	993.7	1,584.5	1,856.8	2,067.2	2,330.6	2,517.2	2,582.8	2,657.2	2,719.1	2,789.9	2,862.5	2,944.7	3,013.2	3,091.6	3,171.9	3,262.8	3,339.7	3,427.3	3,517.2	3,618.9
Occupied Rooms	11.5	18.0	20.7	22.6	24.8	26.6	27.0	27.5	27.8	28.2	28.6	29.1	29.5	29.9	30.4	30.9	31.3	31.8	32.2	32.8
Electricity	40.4	63.0	72.3	79.1	86.9	93.0	94.4	96.1	97.3	98.7	100.2	102.0	103.2	104.8	106.3	108.2	109.6	111.2	112.9	114.9
Water	12.1	18.9	21.7	23.7	26.1	27.9	28.3	28.8	29.2	29.6	30.1	30.6	31.0	31.4	31.9	32.5	32.9	33.4	33.9	34.5
Gas	13.3	20.7	23.7	26.0	28.5	30.6	31.0	31.6	32.0	32.4	32.9	33.5	33.9	34.4	34.9	35.6	36.0	36.5	37.1	37.7
Telecommunication	17.3	27.0	31.0	33.9	37.2	39.9	40.5	41.2	41.7	42.3	42.9	43.7	44.2	44.9	45.6	46.4	47.0	47.7	48.4	49.2
Safety	36.0	48.0	48.5	49.1	49.6	50.1	50.7	51.3	51.8	52.4	53.0	53.5	54.1	54.7	55.3	55.9	56.6	57.2	57.8	58.4
Accounting	3.5	5.5	6.5	7.2	8.2	8.8	9.0	9.3	9.5	9.8	10.0	10.3	10.5	10.8	11.1	11.4	11.7	12.0	12.3	12.7
Laundry	26.1	37.8	42.6	46.2	50.2	53.4	54.1	55.0	55.6	56.3	57.1	58.0	58.7	59.5	60.3	61.2	61.9	62.8	63.6	64.7
Temporary Employment Agencies	25.8	35.0	42.0	47.1	41.3	46.1	47.2	48.8	49.9	51.1	52.8	54.1	55.2	57.1	58.3	59.7	61.6	62.9	64.3	66.6
IT	9.7	12.7	12.9	13.0	13.2	13.3	13.5	13.6	13.8	13.9	14.1	14.2	14.4	14.5	14.7	14.8	15.0	15.2	15.3	15.5
Cloud PMS	*3.7*	*4.9*	*5.0*	*5.0*	*5.1*	*5.1*	*5.2*	*5.2*	*5.3*	*5.4*	*5.4*	*5.5*	*5.5*	*5.6*	*5.7*	*5.7*	*5.8*	*5.8*	*5.9*	*6.0*
Channel Manager	*0.7*	*0.9*	*0.9*	*0.9*	*0.9*	*0.9*	*1.0*	*1.0*	*1.0*	*1.0*	*1.0*	*1.0*	*1.0*	*1.0*	*1.0*	*1.1*	*1.1*	*1.1*	*1.1*	*1.1*
Website	*4.9*	*6.5*	*6.6*	*6.7*	*6.7*	*6.8*	*6.9*	*7.0*	*7.0*	*7.1*	*7.2*	*7.3*	*7.4*	*7.4*	*7.5*	*7.6*	*7.7*	*7.8*	*7.9*	*7.9*
Others	*0.4*	*0.4*	*0.4*	*0.4*	*0.4*	*0.4*	*0.4*	*0.4*	*0.4*	*0.4*	*0.4*	*0.4*	*0.5*	*0.5*	*0.5*	*0.5*	*0.5*	*0.5*	*0.5*	*0.5*
Commissions and Reservation Fees	111.6	175.1	201.2	213.3	241.5	256.2	258.7	256.5	257.8	256.0	252.2	252.6	258.5	257.1	263.9	269.1	269.9	274.5	278.8	286.9
Promotion	1.5	2.3	2.6	2.7	3.0	3.2	3.2	3.2	3.3	3.3	3.3	3.3	3.4	3.4	3.5	3.6	3.6	3.7	3.7	3.8
Maintenance	0.7	1.2	1.4	1.6	1.7	1.9	1.9	2.0	2.0	2.1	2.1	2.2	2.3	2.3	2.4	2.4	2.5	2.6	2.6	2.7
Other Services	5.0	7.9	9.3	10.3	11.7	12.6	12.9	13.3	13.6	13.9	14.3	14.7	15.1	15.5	15.9	16.3	16.7	17.1	17.6	18.1
Total Costs	**303.0**	**455.1**	**515.6**	**553.4**	**599.0**	**636.9**	**645.4**	**650.7**	**657.4**	**661.8**	**665.0**	**672.7**	**684.4**	**690.5**	**704.1**	**717.2**	**724.9**	**736.6**	**748.3**	**765.7**

Annex 83 – Laundry

Year	Occupied Rooms	Aveage Stay	Double Occupation Index	Rooms in check-out	Rooms in house	Bed Clothes			Towels			Tablecloth					Others	Total kg of laudry clothes	Unitary Price	Total Laundry Expenses
						Changing times	Average Weight	Total Weight	Changing times	Average Weight	Total Weight	Number of Tables	Towels used by	Annual total	Average Weight	Total Weight				
2017	11,540	3	1.5	3,847	7,693	6,925	2.5	17,313	17,310	0.8	12,983	30	32	11,680	0.7	7,592	5,683	43,570	0.60	26,142
2018	17,994	3	1.5	5,998	11,996	10,797	2.5	26,993	26,991	0.8	20,243	30	32	11,680	0.7	7,592	8,224	63,052	0.60	37,831
2019	20,651	3	1.5	6,884	13,767	12,391	2.5	30,978	30,977	0.8	23,232	30	32	11,680	0.7	7,592	9,270	71,072	0.60	42,643
2020	22,611	3	1.5	7,537	15,074	13,567	2.5	33,918	33,917	0.8	25,437	30	32	11,680	0.7	7,592	10,042	76,989	0.60	46,193
2021	24,826	3	1.5	8,276	16,550	14,896	2.5	37,240	37,239	0.8	27,929	30	32	11,680	0.7	7,592	10,914	83,675	0.60	50,205
2022	26,572	3	1.5	8,858	17,714	15,944	2.5	39,860	39,858	0.8	29,894	30	32	11,680	0.7	7,592	11,602	88,947	0.60	53,368
2023	26,971	3	1.5	8,991	17,980	16,183	2.5	40,458	40,457	0.8	30,342	30	32	11,680	0.7	7,592	11,759	90,151	0.60	54,090
2024	27,451	3	1.5	9,151	18,300	16,471	2.5	41,178	41,177	0.8	30,882	30	32	11,680	0.7	7,592	11,948	91,600	0.60	54,960
2025	27,786	3	1.5	9,262	18,524	16,672	2.5	41,680	41,679	0.8	31,259	30	32	11,680	0.7	7,592	12,080	92,611	0.60	55,567
2026	28,203	3	1.5	9,401	18,802	16,922	2.5	42,305	42,305	0.8	31,728	30	32	11,680	0.7	7,592	12,244	93,869	0.60	56,322
2027	28,626	3	1.5	9,542	19,084	17,176	2.5	42,940	42,939	0.8	32,204	30	32	11,680	0.7	7,592	12,410	95,147	0.60	57,088
2028	29,135	3	1.5	9,712	19,423	17,482	2.5	43,705	43,703	0.8	32,777	30	32	11,680	0.7	7,592	12,611	96,685	0.60	58,011
2029	29,491	3	1.5	9,831	19,660	17,695	2.5	44,238	44,237	0.8	33,177	30	32	11,680	0.7	7,592	12,751	97,758	0.60	58,655
2030	29,934	3	1.5	9,978	19,956	17,961	2.5	44,903	44,901	0.8	33,676	30	32	11,680	0.7	7,592	12,926	99,096	0.60	59,457
2031	30,383	3	1.5	10,128	20,255	18,230	2.5	45,575	45,575	0.8	34,181	30	32	11,680	0.7	7,592	13,102	100,450	0.60	60,270
2032	30,923	3	1.5	10,308	20,615	18,554	2.5	46,385	46,385	0.8	34,788	30	32	11,680	0.7	7,592	13,315	102,080	0.60	61,248
2033	31,301	3	1.5	10,434	20,867	18,781	2.5	46,953	46,952	0.8	35,214	30	32	11,680	0.7	7,592	13,464	103,222	0.60	61,933
2034	31,770	3	1.5	10,590	21,180	19,062	2.5	47,655	47,655	0.8	35,741	30	32	11,680	0.7	7,592	13,648	104,636	0.60	62,782
2035	32,247	3	1.5	10,749	21,498	19,349	2.5	48,373	48,371	0.8	36,278	30	32	11,680	0.7	7,592	13,836	106,079	0.60	63,647
2036	32,820	3	1.5	10,940	21,880	19,692	2.5	49,230	49,230	0.8	36,923	30	32	11,680	0.7	7,592	14,062	107,806	0.60	64,684

Annex 84 – Depreciations

Investment Map	Acquisition Costs in 2015	Life Cycle (Years)	2017	2018	2019	2020	2021	2022	2023
			1	2	3	4	5	6	7
Tangible Fixed Assets:									
Real Estate Investment									
Ground	1,698.4	-	-	-	-	-	-	-	-
Building	3,753.6	**20**	187.7	187.7	187.7	187.7	187.7	187.7	187.7
Reconstruction Costs	4,048.0	**20**	202.4	202.4	202.4	202.4	202.4	202.4	202.4
License, charter and writing	408.9	**20**	20.4	20.4	20.4	20.4	20.4	20.4	20.4
Equipments									
Furniture	96.2	**8**	12.3	12.3	12.3	12.3	12.3	12.3	12.3
Interior Design	6.6	**8**	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Mattresses, bed linen and blankets	29.5	**8**	3.8	3.8	3.8	3.8	3.8	3.8	3.8
White clothes and towels	6.8	**8**	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Dinnerware, glassware and cutlery	2.2	**4**	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Kitchenware	0.5	**4**	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Machinery, Equipments and appliand	28.4	**5**	5.8	5.8	5.8	5.8	5.8	6.1	6.1
Televisions	21.5	**7**	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Computers	3.3	**3**	1.1	1.1	1.1	1.1	1.1	1.1	1.2
Telephone Exchange	15.0	**10**	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Boiler	31.3	**14**	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Lift	46.8	**10**	4.8	4.8	4.8	4.8	4.8	4.8	4.8
Tangible Asset Depreciations			**447.7**	**447.7**	**447.7**	**447.7**	**447.7**	**448.1**	**448.1**
Intangible Fixed Assets									
Computer software									
Newhotel Cloud PMS	8.3	**3**	2.8	2.8	2.8	2.9	2.9	2.9	3.0
e-GDS Channel Manager	1.3	**3**	0.4	0.4	0.4	0.4	0.4	0.4	0.5
IF PMS Channel Manager e-GDS	0.7	**3**	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Other computer programs	0.5	**3**	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Industrial Property									
Website	18.0	**3**	6.1	6.1	6.1	6.3	6.3	6.3	6.5
Financial Charges									
Interim Interest	489.9	**3**	163.3	163.3	163.3	-	-	-	-
Intangible Asset Depreciations			**173.1**	**173.1**	**173.1**	**10.1**	**10.1**	**10.1**	**10.5**
Total Depreciations			**620.7**	**620.7**	**620.7**	**457.8**	**457.8**	**458.2**	**458.6**

Investment Map	Acquisition Costs in 2015	Life Cycle (Years)	2024	2025	2026	2027	2028	2029	2030
			8	9	10	11	12	13	14
Tangible Fixed Assets:									
Real Estate Investment									
Ground	1,698.4	-	-	-	-	-	-	-	-
Building	3,753.6	**20**	187.7	187.7	187.7	187.7	187.7	187.7	187.7
Reconstruction Costs	4,048.0	**20**	202.4	202.4	202.4	202.4	202.4	202.4	202.4
License, charter and writing	408.9	**20**	20.4	20.4	20.4	20.4	20.4	20.4	20.4
Equipments									
Furniture	96.2	**8**	12.3	13.4	13.4	13.4	13.4	13.4	13.4
Interior Design	6.6	**8**	0.8	0.9	0.9	0.9	0.9	0.9	0.9
Mattresses, bed linen and blankets	29.5	**8**	3.8	4.1	4.1	4.1	4.1	4.1	4.1
White clothes and towels	6.8	**8**	0.9	1.0	1.0	1.0	1.0	1.0	1.0
Dinnerware, glassware and cutlery	2.2	**4**	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Kitchenware	0.5	**4**	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Machinery, Equipments and applianc	28.4	**5**	6.1	6.1	6.1	6.5	6.5	6.5	6.5
Televisions	21.5	**7**	3.4	3.4	3.4	3.4	3.4	3.4	3.4
Computers	3.3	**3**	1.2	1.2	1.2	1.2	1.2	1.3	1.3
Telephone Exchange	15.0	**10**	1.5	1.5	1.5	1.7	1.7	1.7	1.7
Boiler	31.3	**14**	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Lift	46.8	**10**	4.8	4.8	4.8	5.3	5.3	5.3	5.3
Tangible Asset Depreciations			**448.3**	**450.0**	**450.0**	**451.1**	**451.1**	**451.2**	**451.2**
Intangible Fixed Assets									
Computer software									
Newhotel Cloud PMS	8.3	**3**	3.0	3.0	3.1	3.1	3.1	3.2	3.2
e-GDS Channel Manager	1.3	**3**	0.5	0.5	0.5	0.5	0.5	0.5	0.5
IF PMS Channel Manager e-GDS	0.7	**3**	0.2	0.2	0.3	0.3	0.3	0.3	0.3
Other computer programs	0.5	**3**	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Industrial Property									
Website	18.0	**3**	6.5	6.5	6.8	6.8	6.8	7.0	7.0
Financial Charges									
Interim Interest	489.9	**3**	-	-	-	-	-	-	-
Intangible Asset Depreciations			**10.5**	**10.5**	**10.8**	**10.8**	**10.8**	**11.2**	**11.2**
Total Depreciations			**458.8**	**460.5**	**460.8**	**461.9**	**461.9**	**462.4**	**462.4**

Investment Map	Acquisition Costs in 2015	Life Cycle (Years)	2031 15	2032 16	2033 17	2034 18	2035 19	2036 20	Residual Value
Tangible Fixed Assets:									
Real Estate Investment									
Ground	1,698.4	-	-	-	-	-	-	-	*1,698.4*
Building	3,753.6	**20**	187.7	187.7	187.7	187.7	187.7	187.7	-
Reconstruction Costs	4,048.0	**20**	202.4	202.4	202.4	202.4	202.4	202.4	-
License, charter and writing	408.9	**20**	20.4	20.4	20.4	20.4	20.4	20.4	-
Equipments									
Furniture	96.2	**8**	13.4	13.4	14.6	14.6	14.6	14.6	*58.6*
Interior Design	6.6	**8**	0.9	0.9	1.0	1.0	1.0	1.0	*4.0*
Mattresses, bed linen and blankets	29.5	**8**	4.1	4.1	4.5	4.5	4.5	4.5	*18.0*
White clothes and towels	6.8	**8**	1.0	1.0	1.0	1.0	1.0	1.0	*4.2*
Dinnerware, glassware and cutlery	2.2	**4**	0.6	0.6	0.7	0.7	0.7	0.7	-
Kitchenware	0.5	**4**	0.1	0.1	0.2	0.2	0.2	0.2	-
Machinery, Equipments and applianc	28.4	**5**	6.5	6.8	6.8	6.8	6.8	6.8	-
Televisions	21.5	**7**	3.7	3.7	3.7	3.7	3.7	3.7	*3.7*
Computers	3.3	**3**	1.3	1.3	1.3	1.3	1.3	1.3	*1.3*
Telephone Exchange	15.0	**10**	1.7	1.7	1.7	1.7	1.7	1.7	-
Boiler	31.3	**14**	2.7	2.7	2.7	2.7	2.7	2.7	*21.3*
Lift	46.8	**10**	5.3	5.3	5.3	5.3	5.3	5.3	-
Tangible Asset Depreciations			**451.8**	**452.2**	**454.1**	**454.1**	**454.1**	**454.1**	*1,809.4*
Intangible Fixed Assets									
Computer software									
Newhotel Cloud PMS	8.3	**3**	3.2	3.3	3.3	3.3	3.4	3.4	*3.4*
e-GDS Channel Manager	1.3	**3**	0.5	0.5	0.5	0.5	0.5	0.5	*0.5*
IF PMS Channel Manager e-GDS	0.7	**3**	0.3	0.3	0.3	0.3	0.3	0.3	*0.3*
Other computer programs	0.5	**3**	0.2	0.2	0.2	0.2	0.2	0.2	*0.2*
Industrial Property									
Website	18.0	**3**	7.0	7.2	7.2	7.2	7.5	7.5	*7.5*
Financial Charges									
Interim Interest	489.9	**3**	-	-	-	-	-	-	-
Intangible Asset Depreciations			**11.2**	**11.5**	**11.5**	**11.5**	**11.9**	**11.9**	*11.9*
Total Depreciations			**463.0**	**463.8**	**465.6**	**465.6**	**466.0**	**466.0**	*1,821.4*

Annex 85 – Income Taxes

Income Taxes (kEUR)	Rate	2015	2016	2017	2018	2019	2020	2021
VAT								
Sales								
Bed and Breakfast	6%	-	-	51.9	82.7	97.5	108.9	123.3
Extra-Beds	6%	-	-	1.3	2.1	2.4	2.7	3.1
Multipurpose Room	23%	-	-	10.1	15.1	15.7	16.3	16.9
Other Services	23%	-	-	10.0	15.5	17.8	19.5	21.4
Supported VAT		-	-	73.3	115.4	133.5	147.5	164.8
Purchase of Goods								
Food and Beverages	13%	-	-	4.4	6.8	7.9	8.8	9.8
Amenities	23%	-	-	2.4	3.7	4.3	4.8	5.3
Cleaning	23%	-	-	0.8	1.2	1.4	1.6	1.8
Other Goods	23%	-	-	0.3	0.3	0.3	0.4	0.4
Services								
Electricity	6%	-	-	2.4	3.8	4.3	4.7	5.2
Water	6%	-	-	0.7	1.1	1.3	1.4	1.6
Gas	6%	-	-	0.8	1.2	1.4	1.6	1.7
Telecommunication	23%	-	-	4.0	6.2	7.1	7.8	8.6
Safety	23%	-	-	8.3	11.0	11.2	11.3	11.4
Accounting	23%	-	-	0.8	1.3	1.5	1.7	1.9
Laundry	23%	-	-	6.0	8.7	9.8	10.6	11.5
Temporary Employment Agencies	23%	-	-	5.9	8.0	9.7	10.8	9.5
IT	23%	-	-	2.2	2.9	3.0	3.0	3.0
Commissions and Reservation F	23%	-	-	25.7	40.3	46.3	49.1	55.5
Promotion	23%	-	-	0.3	0.5	0.6	0.6	0.7
Maintenance	23%	-	-	0.2	0.3	0.3	0.4	0.4
Other Services	23%	-	-	1.1	1.8	2.1	2.4	2.7
Fixed Assets	23%	419.9	1,487.3	446.3	-	-	7.8	0.7
Deductible VAT		419.9	1,487.3	512.7	99.4	112.6	128.7	131.6
VAT payable (receivable)		(419.9)	(1,487.3)	(439.5)	16.0	20.8	18.8	33.2
Social Security								
SS (Employer)	23.75%			36.8	52.0	52.6	53.2	55.6
SS (Employee)	11%			17.0	24.1	24.4	24.6	25.8
Total Social Security				53.8	76.2	77.0	77.8	81.3
IRS Retention				21.4	54.4	55.0	55.6	57.7
IRC		-	-	-	-	-	-	17.4
IMI	0.5%	-	-	-	-	-	-	-

Income Taxes (kEUR)	Rate	2022	2023	2024	2025	2026	2027	2028
VAT								
Sales								
Bed and Breakfast	6%	133.4	136.9	140.9	144.2	148.0	151.8	156.2
Extra-Beds	6%	3.3	3.4	3.5	3.6	3.7	3.8	3.9
Multipurpose Room	23%	17.6	18.2	18.9	19.6	20.3	21.0	21.7
Other Services	23%	22.9	23.3	23.7	24.0	24.3	24.7	25.1
Supported VAT		177.3	181.9	187.0	191.4	196.3	201.3	207.0
Purchase of Goods								
Food and Beverages	13%	10.6	10.8	11.1	11.4	11.7	12.0	12.4
Amenities	23%	5.7	5.9	6.1	6.2	6.4	6.5	6.7
Cleaning	23%	1.9	2.0	2.0	2.1	2.1	2.2	2.2
Other Goods	23%	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Services								
Electricity	6%	5.6	5.7	5.8	5.8	5.9	6.0	6.1
Water	6%	1.7	1.7	1.7	1.8	1.8	1.8	1.8
Gas	6%	1.8	1.9	1.9	1.9	1.9	2.0	2.0
Telecommunication	23%	9.2	9.3	9.5	9.6	9.7	9.9	10.1
Safety	23%	11.5	11.7	11.8	11.9	12.0	12.2	12.3
Accounting	23%	2.0	2.1	2.1	2.2	2.2	2.3	2.4
Laundry	23%	12.3	12.4	12.6	12.8	13.0	13.1	13.3
Temporary Employment Agenci	23%	10.6	10.8	11.2	11.5	11.7	12.1	12.4
IT	23%	3.1	3.1	3.1	3.2	3.2	3.2	3.3
Commissions and Reservation F	23%	58.9	59.5	59.0	59.3	58.9	58.0	58.1
Promotion	23%	0.7	0.7	0.7	0.7	0.8	0.8	0.8
Maintenance	23%	0.4	0.4	0.5	0.5	0.5	0.5	0.5
Other Services	23%	2.9	3.0	3.1	3.1	3.2	3.3	3.4
Fixed Assets	23%	7.1	8.0	5.5	36.4	8.3	23.7	-
Deductible VAT		146.4	149.4	148.1	180.7	153.8	170.0	148.2
VAT payable (receivable)		30.9	32.5	38.9	10.6	42.5	31.3	58.8
Social Security								
SS (Employer)	23.75%	56.2	56.8	57.5	58.1	58.7	59.4	60.0
SS (Employee)	11%	26.0	26.3	26.6	26.9	27.2	27.5	27.8
Total Social Security		82.2	83.1	84.1	85.0	85.9	86.9	87.8
IRS Retention		58.3	59.0	59.6	60.3	60.9	61.6	62.3
IRC		142.0	163.5	188.3	209.9	234.8	261.3	296.3
IMI	0.5%	39.0	39.0	39.0	39.0	39.0	39.0	39.0

Income Taxes (kEUR)	Rate	2029	2030	2031	2032	2033	2034	2035	2036
VAT									
Sales									
Bed and Breakfast	6%	159.9	164.1	168.4	173.2	177.3	181.9	186.7	192.1
Extra-Beds	6%	4.0	4.1	4.2	4.3	4.4	4.5	4.7	4.8
Multipurpose Room	23%	22.5	23.2	24.0	24.7	25.8	26.8	27.9	28.9
Other Services	23%	25.4	25.8	26.2	26.7	27.0	27.4	27.8	28.3
Supported VAT		211.8	217.2	222.8	229.0	234.5	240.7	247.0	254.2
Purchase of Goods									
Food and Beverages	13%	12.6	13.0	13.3	13.7	14.0	14.4	14.8	15.2
Amenities	23%	6.9	7.1	7.3	7.5	7.6	7.8	8.0	8.3
Cleaning	23%	2.3	2.4	2.4	2.5	2.5	2.6	2.7	2.8
Other Goods	23%	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Services									
Electricity	6%	6.2	6.3	6.4	6.5	6.6	6.7	6.8	6.9
Water	6%	1.9	1.9	1.9	1.9	2.0	2.0	2.0	2.1
Gas	6%	2.0	2.1	2.1	2.1	2.2	2.2	2.2	2.3
Telecommunication	23%	10.2	10.3	10.5	10.7	10.8	11.0	11.1	11.3
Safety	23%	12.5	12.6	12.7	12.9	13.0	13.2	13.3	13.4
Accounting	23%	2.4	2.5	2.6	2.6	2.7	2.8	2.8	2.9
Laundry	23%	13.5	13.7	13.9	14.1	14.2	14.4	14.6	14.9
Temporary Employment Agenci	23%	12.7	13.1	13.4	13.7	14.2	14.5	14.8	15.3
IT	23%	3.3	3.3	3.4	3.4	3.5	3.5	3.5	3.6
Commissions and Reservation F	23%	59.4	59.1	60.7	61.9	62.1	63.1	64.1	66.0
Promotion	23%	0.8	0.8	0.8	0.8	0.8	0.8	0.9	0.9
Maintenance	23%	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6
Other Services	23%	3.5	3.6	3.6	3.8	3.8	3.9	4.0	4.2
Fixed Assets	23%	9.3	-	14.5	16.7	39.7	-	9.2	-
Deductible VAT		160.4	152.6	170.3	175.8	200.7	163.9	175.9	171.0
VAT payable (receivable)		51.4	64.6	52.4	53.2	33.8	76.8	71.1	83.2
Social Security									
SS (Employer)	23.75%	60.7	61.3	62.0	62.7	63.4	64.1	64.8	65.5
SS (Employee)	11%	28.1	28.4	28.7	29.0	29.4	29.7	30.0	30.3
Total Social Security		88.8	89.8	90.8	91.8	92.8	93.8	94.8	95.9
IRS Retention		63.0	63.7	64.4	65.1	65.8	66.5	67.2	68.0
IRC		308.3	323.6	337.5	351.5	363.8	377.5	391.8	407.2
IMI	0.5%	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0

Annex 86 – Indicators

Key Indicators	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Operational Indicators																				
Available Rooms (units)	37,960	37,960	37,960	38,064	37,960	37,960	37,960	38,064	37,960	37,960	37,960	38,064	37,960	37,960	37,960	38,064	37,960	37,960	37,960	38,064
Occupied Rooms (units)	11,540	17,994	20,651	22,611	24,826	26,572	26,971	27,451	27,786	28,203	28,626	29,135	29,491	29,934	30,383	30,923	31,301	31,770	32,247	32,820
Occupation Rate (%)	30%	47%	54%	59%	65%	70%	71%	72%	73%	74%	75%	77%	78%	79%	80%	81%	82%	84%	85%	86%
RevPOR (Euros)	75.0	76.6	78.7	80.3	82.8	83.7	84.6	85.6	86.5	87.4	88.4	89.4	90.4	91.4	92.4	93.4	94.4	95.4	96.5	97.6
RevPAR (Euros)	22.8	36.3	42.8	47.7	54.2	58.6	60.1	61.7	63.3	65.0	66.7	68.4	70.2	72.0	73.9	75.9	77.8	79.9	82.0	84.1
Double Occupation Index (guests)	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Average Stay (days)	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Operational Revenues PAR (Euros)	26.2	41.7	48.9	54.3	61.4	66.3	68.0	69.8	71.6	73.5	75.4	77.4	79.4	81.4	83.6	85.7	88.0	90.3	92.7	95.1
Operational Costs PAR (Euros)	14.6	21.3	23.3	24.6	26.4	28.8	29.2	29.4	29.8	30.1	30.4	30.7	31.3	31.6	32.2	32.6	33.1	33.6	34.1	34.7
Operational Costs POR (Euros)	47.9	45.0	42.9	41.4	40.4	41.1	41.1	40.8	40.8	40.6	40.3	40.1	40.3	40.1	40.2	40.2	40.2	40.2	40.2	40.3
EBITDA PAR (Euros)	11.6	20.4	25.6	29.7	34.9	37.5	38.9	40.4	41.8	43.4	45.0	46.7	48.1	49.8	51.4	53.1	54.9	56.7	58.5	60.3
Economic Indicators																				
Revenue Growth Rate	-	59.4%	17.2%	11.3%	12.7%	8.0%	2.6%	2.9%	2.3%	2.6%	2.6%	2.9%	2.3%	2.6%	2.6%	2.9%	2.4%	2.6%	2.6%	2.9%
Operational Efficiency	180%	196%	210%	221%	232%	230%	233%	237%	240%	244%	248%	252%	254%	258%	260%	263%	266%	268%	271%	274%
EBITDA Margin	44%	49%	52%	55%	57%	57%	57%	58%	58%	59%	60%	60%	61%	61%	61%	62%	62%	63%	63%	63%
Profit Margin	-53%	-21%	-5%	13%	20%	19%	22%	24%	27%	29%	31%	35%	35%	36%	37%	37%	38%	39%	39%	40%
Economic-Financial Indicators																				
Return on Investment (ROI)	-5%	-3%	-1%	3%	5%	6%	6%	8%	9%	11%	14%	16%	16%	17%	17%	18%	18%	18%	19%	19%
Return on Asset (ROA)	-2%	2%	4%	8%	10%	11%	11%	13%	14%	17%	20%	20%	21%	21%	22%	22%	23%	23%	24%	24%
Asset Turnover	10%	16%	20%	23%	26%	28%	29%	32%	35%	39%	46%	46%	46%	46%	47%	47%	47%	48%	48%	48%
Fixed-Asset Turnover	10%	17%	21%	25%	29%	33%	36%	40%	43%	47%	51%	57%	64%	73%	82%	94%	105%	126%	154%	199%
Return on Equity (ROE)	-4%	4%	10%	17%	20%	20%	19%	20%	20%	21%	21%	22%	22%	23%	23%	24%	25%	25%	26%	26%
Financial Indicators																				
Equity Ratio	39%	39%	40%	44%	49%	55%	61%	66%	72%	80%	94%	94%	94%	93%	93%	93%	93%	93%	93%	93%
Debt-to-Equity Ratio	157%	158%	150%	128%	102%	83%	64%	51%	38%	25%	6%	7%	7%	7%	7%	7%	7%	8%	8%	8%
Liquidity Indicators																				
Current Ratio	44%	25%	37%	67%	124%	156%	188%	166%	129%	85%	175%	321%	437%	552%	649%	738%	809%	893%	976%	1055%

Annex 87 – Ratios and indicators of TDhotels' hotels in Portugal

		SINERAMA			EVA			ORIENTAL			LAGOAS HOTEL			PORTUGAL		
		2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012
RESULTADOS																
Total de proveitos operacionais	kEUR	1,100.1	982.7	1,272.2	3,418.4	3,161.1	3,107.7	1,924.2	1,801.4	1,514.8	4,552.2	4,066.4	4,233.6	10,995.0	10,011.7	10,128.3
EBITDA	kEUR	371.6	277.5	471.6	948.1	694.3	654.4	699.3	609.1	292.4	1,305.7	988.6	977.6	3,324.6	2,569.5	2,396.0
Resultado líquido (Operação)	kEUR	37.3	3.7	158.2	(18.2)	(121.2)	(113.0)	(81.4)	(63.1)	(298.2)	(331.9)	(537.1)	(557.0)	(394.2)	(717.7)	(809.9)
RESULTADOS POR QUARTO																
EBITDA PAR (Hotéis)	EUR	9.7	7.2	12.3	19.4	14.2	13.3	21.5	18.5	8.7	19.7	14.9	14.7	17.9	13.8	12.8
Resultado líquido (Operação) PAR (Hotéis)	EUR	1.0	0.1	4.1	(0.4)	(2.5)	(2.3)	(2.5)	(1.9)	(8.8)	(5.0)	(8.1)	(8.4)	(2.1)	(3.8)	(4.3)
MARGENS DO NEGÓCIO																
Margem de EBITDA	%	34%	28%	37%	28%	22%	21%	36%	34%	19%	29%	24%	23%	30%	26%	24%
Margem de Resultado líquido (Operação)	%	3%	0%	12%	(1%)	(4%)	(4%)	(4%)	(4%)	(20%)	(7%)	(13%)	(13%)	(4%)	(7%)	(8%)
COMERCIAL																
Taxa de ocupação (Hotéis)	%	46%	42%	53%	61%	59%	63%	59%	58%	48%	64%	59%	61%	59%	56%	57%
Estadia Média	Dias	1.8	1.9	1.8	2.1	2.1	2.0	6.0	6.2	6.0	2.3	2.3	2.3	2.4	2.5	2.6
Índice Ocupação Dupla	Unid	1.7	1.6	1.6	1.8	1.8	1.6	2.1	2.0	2.0	1.3	1.3	1.3	1.6	1.6	1.5
Proveito médio Alojamento (Hotéis)	EUR	58.3	58.3	58.4	86.1	82.3	76.1	86.9	82.5	82.0	71.3	68.3	70.9	76.0	73.3	71.7
REVPAR (Hotéis)	EUR	26.9	24.4	31.0	52.8	48.9	47.8	51.6	47.9	39.7	45.5	40.5	42.9	44.7	40.7	41.2
TREVPAR (Hotéis)	EUR	28.7	25.6	33.1	69.9	64.6	63.4	59.2	54.8	44.9	68.5	61.2	63.6	59.1	53.7	53.9
EFICIÊNCIA OPERACIONAL																
N.º médio mensal de colaboradores	Unid	23	24	24	65	61	61	35	33	31	86	84	87	210	203	202
Colaboradores por quarto ocupado (Hotéis)	Unid	0.5	0.5	0.4	0.8	0.8	0.7	0.7	0.6	0.7	0.7	0.8	0.8	0.7	0.7	0.7
Colaboradores por quarto existente (Hotéis)	Unid	0.2	0.2	0.2	0.5	0.5	0.5	0.4	0.4	0.3	0.5	0.5	0.5	0.4	0.4	0.4
Energia e Água / quarto ocupado	EUR	4.5	4.9	4.4	10.2	10.7	11.8	6.0	6.0	6.1	8.3	8.5	8.8	7.8	8.1	8.4
Comunicações / quarto ocupado	EUR	0.6	0.7	0.6	0.4	0.4	0.4	0.6	0.5	0.5	0.5	0.4	0.4	0.5	0.4	0.5
Estrutura de Proveitos																
Alojamento	%	95%	95%	94%	76%	76%	75%	76%	76%	75%	68%	66%	67%	69%	68%	68%
A&B	%	2%	2%	2%	9%	9%	10%	9%	9%	10%	24%	27%	26%	23%	24%	24%
Prestação de Serviços	%	3%	3%	4%	15%	15%	15%	15%	15%	15%	8%	7%	7%	8%	8%	8%
Custos Operacionais																
Peso no total de proveitos operacionais																
Materiais	%	5%	5%	4%	7%	7%	7%	7%	7%	7%	11%	11%	11%	8%	8%	8%
Pessoal	%	35%	35%	27%	36%	40%	39%	36%	40%	39%	35%	36%	37%	34%	37%	36%
Despesas com instalação	%	13%	13%	11%	14%	14%	17%	14%	14%	17%	15%	16%	19%	13%	14%	16%
Fornecimentos e Serviços	%	10%	10%	9%	13%	13%	13%	13%	13%	13%	8%	9%	8%	11%	11%	11%
Encargos de estrutura	%	8%	8%	8%	3%	3%	3%	3%	3%	3%	2%	3%	3%	2%	4%	5%
Impostos e taxas	%	2%	2%	3%	1%	1%	1%	1%	1%	1%	1%	1%	-	1%	1%	1%
Custos Operacionais / Proveitos Operacionais	%	73%	73%	62%	74%	78%	80%	74%	78%	80%	72%	76%	78%	69%	75%	77%