

# HOTEL OWNERS FOR TOMORROW



## 2022 HOT ROUNDTABLE SERIES – SINGAPORE

Date: 18 OCTOBER 2022 | Hosted by: MARRIOTT INTERNATIONAL OFFICES, SINGAPORE

SINGAPORE PARTICIPANTS OF HOT (HOTEL OWNERS FOR TOMORROW). HOT IS A COALITION RALLYING OWNERS IN ASIA TO DEMONSTRATE THEIR COMMITMENT TO HELPING THE PLANET AND ITS PEOPLE.

### 2022 Singapore Roundtable Participants

<ul style="list-style-type: none"> <li>Liz Ortiguera, CEO, Pacific Asia Travel Association</li> </ul>	<ul style="list-style-type: none"> <li>Sun Mi Moon, Director, Development Management, 8M</li> </ul>
<ul style="list-style-type: none"> <li>Tony Chisholm, Principal, Head of APAC Hospitality, KSL Capital</li> </ul>	<ul style="list-style-type: none"> <li>Nikhil Manchharam, Managing Director, Development Asia, YOTEL</li> </ul>
<ul style="list-style-type: none"> <li>Rakesh Patel, CEO &amp; Founder, Alta Capital Real Estate</li> </ul>	<ul style="list-style-type: none"> <li>Eric J. Levy, Managing Director, Tourism Solutions International</li> </ul>
<ul style="list-style-type: none"> <li>Lucy Christie, Senior Director, Owner Relations, Marriott International</li> </ul>	<ul style="list-style-type: none"> <li>Eric Ricaurte, Founder &amp; CEO, Greenview</li> </ul>
<ul style="list-style-type: none"> <li>Patrick O’Meara, Head of Business Development, Sustainable Hospitality Alliance</li> </ul>	<ul style="list-style-type: none"> <li>Joan Plouviat, SVP Investment, Pontiac Land</li> </ul>
<ul style="list-style-type: none"> <li>Kavi Kirpalani, Senior Director, Development Planning &amp; Feasibility, Asia Pacific, Radisson Hotel Group</li> </ul>	<ul style="list-style-type: none"> <li>Garry Croxford, Director, Engineering Operations Southeast Asia Pacific &amp; India, Hilton</li> </ul>
<ul style="list-style-type: none"> <li>Rohan Gopaldas, Partner, Prospect Hotel Advisors</li> </ul>	<ul style="list-style-type: none"> <li>Bill Barnett, Managing Director, C9 Hotelworks Company Limited</li> </ul>
<ul style="list-style-type: none"> <li>Alexandra Yao, Vice President, Global Head of Branded Residences, Luxury &amp; Lifestyle, IHG Hotels and Resorts</li> </ul>	<ul style="list-style-type: none"> <li>Hirman Abdullah, Assistant Vice President, Risk Management &amp; Sustainability, Frasers Hospitality</li> </ul>

# HOTEL OWNERS FOR TOMORROW

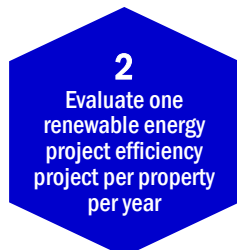
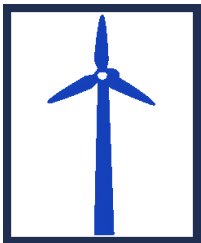
## THE FIVE ACTIONS FOR BUILDING A SUSTAINABLE FUTURE

To take sustainability to the next level in our industry, hotel owners will make the difference. HOT is simple: hotel owners commit to 5 basic actions. There is no cost to join, and the 5 actions do not require a financial commitment.

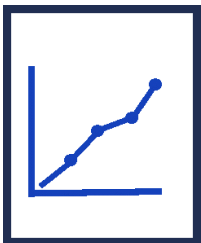
To support HOT, a coalition is being built of hotel brands, management companies, industry bodies, and other supporters in hotel development to help owners carry out the actions.



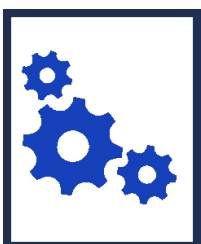
- Discuss sustainability at the onset of developing a project or acquiring a property to explore opportunities to improve.
- Talk about sustainability, its challenges, and its opportunities with capital advisors, developers, managers, and brands.
- Talk about energy, water, waste and carbon footprint of the building as well as external factors such as climate risk, water stress and protecting nature to identify risks and opportunities to get more value out of your investment.



- Review and consider at least one renewable energy-related project and at least one project relating to reducing energy, water, or waste for each property in the portfolio per year, either onsite or offsite.
- Encourage partners to develop good projects for you to review.
- If you have a portfolio, you can consider one project and see how it may apply across your properties.



- Track each property's energy, water, waste, carbon emissions, and community impact for the entire portfolio.
- Review at least once a quarter.
- Benchmark these results among your portfolio, among peers, or through industry benchmarking.



- Encourage your property teams to actively participate in brand- and management company-led initiatives.
- No-cost options include participating in surveys, using their sustainability software, communicating their initiatives, keeping related signage updated, and participating in global volunteer or community events.
- For independent hotels, demonstrate how you support the branding of sustainability.



- Help spread awareness and best practices that demonstrate solutions that are working to create value for the owner with the investment community.
- Communication methods include case studies, articles, and reports.

# HOTEL OWNERS FOR TOMORROW

## Roundtable Summary

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Industry leaders from the Hotel Owners for Tomorrow (HOT) coalition convened for the third time in Singapore on 18 October 2022. The two-and-a-half-hour event divided sessions into thematic topics, with participants taking turns facilitating moderated discussions on the overarching topic of the roundtables: how to get hotel owners and hotel development professionals to be more engaged in sustainability.

### Turning Inhibitors into Collaborators for Sustainability

*facilitated by Joan Plouviet, SVP Investment, Pontiac Land*

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Joan Plouviet, SVP Investment of Pontiac Land, kicked off the roundtable by emphasizing the importance of identifying challenges in implementing sustainability. He outlined four traditional roles involved in implementing sustainability solutions at hotels across the key layers of hotel ownership and operations, each with different and sometimes, conflicting interests.

1. **Owners** focus on maximizing profits from short-term investments and timely exits.
2. **General Managers** are mainly concerned with meeting annual budgets and guest satisfaction.
3. **Operator Head Offices** are interested in implementing consistent standards across their hotel chain system.
4. **Property Operational Teams** tend to be pessimistic toward sustainability initiatives due to the risks associated with their potential failure and the lack of clear benefits to middle management.

Challenges exist when the interests do not align for a sustainability solution, even when it is proven to generate savings and returns. While implementation may involve all four roles, limited coordination typically is found between the different tiers. Returns on investment may not be aligned with owner plans for exit or cost of capital. General managers may not benefit from implementation within their specific KPIs. Having outliers of property solutions may create new problems for corporate head offices to manage. Property teams can be unincentivized to put forth the extra effort to implement, while the risk of its failure or challenges will fall to them in the day-to-day. Identifying these competing interests and seeking ways to align are crucial steps toward enhancing the sustainability cause.

At Pontiac Land, Plouviet is interested in using capitalism as a motivating force to turn these inhibitors into collaborators that drive innovation and sustainability. To him, identifying these competing interests and seeking ways to align are crucial steps toward enhancing the sustainability cause.

After outlining these challenges, participants were invited to share their own experiences and efforts in bringing different players together to negotiate different needs.

### The unsung heroes

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*“The operations team are the unsung heroes at the heart of the brand.”*



Liz Ortiguera, CEO, Pacific Asia Travel Association

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## Commitment from leadership is paramount

There was a consensus among participants that leadership teams are key to driving sustainability across the organization because of their strong influence. To Tony Chisholm, Principal, Head of APAC Hospitality from KSL Capital, executives at the C-suite level play an important role in driving behavior change by setting internal standards and enforcing sustainability KPIs. These leaders have access to data about the importance of ESG from investors, which shows the radical shift toward using ESG as a framework for risk and performance evaluation.

Rakesh Patel, CEO and Founder of Alta Capital Real Estate, echoed these sentiments and added that it is essential for leaders to be passionate about sustainability to convince middle management to take action on the ground. Changing attitudes and behavior takes time and resilience. Leaders need to be committed to enacting these changes and kickstarting essential processes, such as collecting ESG data and enforcing sustainability targets.

To illustrate this, Rohan Gopaldas, Partner at Prospect Hotel Advisors, shared examples of how Prospect has embedded sustainability into its processes. For instance, each of their monthly meetings with hotel owners now includes at least one segment about ESG, and they now have scorecards to evaluate each property on its sustainability performance.

## Sustainability & Innovation

*“The train has left the sustainability station. Innovation is the direction we want to head towards.”*



Nikhil Manchharam, Managing Director, Development Asia, YOTEL

## Better ways to engage hotel owners and middle management

Rather than a top-down approach, participants raised the need for better two-way dialogues across hotel companies, owners, and middle management. Simply imposing hard targets and initiatives doesn't work due to the lack of agreement from the ground up. Hirman Abdullah, Assistant Vice President, Risk Management & Sustainability of Frasers Hospitality, indicated that asset managers often lack the appreciation and knowledge of what goes into operating a property.

Garry Croxford, Director Engineering Operations Southeast Asia Pacific & India at Hilton, pointed out that it was important to aid owners in understanding the 'why' behind the many brand standards and initiatives a hotel management company might ask for, especially in relation to sustainability, where these might otherwise be potentially seen as an unnecessary incremental cost as opposed to a benefit.

Middle management also needs clearer and more direct benefits for greater buy-in and commitment. Liz Ortiguera, CEO of the Pacific Asia Travel Association (PATA), highlighted that operational teams are often taking extra time for sustainability-related tasks on top of what they do regularly to keep the property running. There needs to be a shift towards a culture of recognition to celebrate their dedication and inculcate a sense of mission and purpose.

## Making a compelling business case for sustainability

Due to the hefty upfront costs associated with investing in sustainability measures, Nikhil Manchharam, Managing Director, Development Asia of YOTEL, emphasized the importance of making the goals and benefits of pursuing sustainability clear to owners. Other than the reduction in environmental footprint, it is necessary to show the timeframe of cost savings and revenue growth, as well as the feasibility of implementing it on the ground.

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Alexandra Yao, Vice President, Global Head of Branded Residences, Luxury & Lifestyle at IHG Hotels and Resorts, reaffirmed this point and further elaborated on the need to equip owners with the appropriate tools to make it worthwhile to implement new initiatives. To do so, IHG has developed the Hotel Energy Reduction Opportunities (HERO) Toolkit, a prioritization tool that reviews a hotel's existing infrastructure and energy initiatives, and recommends measures to drive further efficiencies. By measuring costs and identifying initiatives with the best payback, IHG is actively creating proof to convincingly illustrate the benefits of investing in sustainability.

Lucy Christie, Senior Director, Owner Relations at Marriott International, also found it more impactful and persuasive to have success stories to tell. In her experience, it is easier to get her message across by showcasing examples with indicative metrics such as costs, payback period, and return on investment (ROI), especially for owners who are not interested in sustainability conversations. Marriott has been successful in getting owners to pursue sustainability measures in their renovations with this engagement approach.

## Embedding Sustainability into a Fund

*facilitated by Rakesh Patel, CEO & Founder, Alta Capital Real Estate*

Rakesh Patel, CEO and Founder of Alta Capital Real Estate, opened the second discussion on embedding ESG requirements into funds, sharing his experiences and lessons from setting up the Alta Hospitality Fund Asia, which invests in undervalued sustainable and wellness hospitality assets across Asia Pacific. Through collaborations with governments and academia, Alta embeds ESG in their investment process. The main purpose of setting up this fund was to make profits while doing what's right, as well as to seize the opportunity for unique branding at a time when sustainability was starting to gain traction.

Patel reiterated many of the challenges raised in the first discussion topic and illustrated how they applied to his experience. First, it was challenging to convince investors that doing the right thing could be profitable and that there were substantial green premiums on exit. Second, on top of getting middle management on board, it was challenging to ensure that they were aligned with the necessary practices that would generate returns. Third, many owners did not have access to green finance because the benefits of prioritizing sustainability were not apparent to many banks.

## The profitability of embedding ESG in investments

The discussion then opened up to the rest of the participants about the difference in profitability between projects that incorporate ESG and projects that do not. Chisholm pointed out that it is important to think about the types of investors

## Rising tides

*"A rising tide should lift all boats."*



Patrick O'Meara, Head of Business Development, Sustainable Hospitality Alliance

## Leadership commitment

*"Nobody is going to be on board unless the board is onboard."*



Rakesh Patel, CEO & Founder, Alta Capital Real Estate

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looking to acquire assets, as well as the current and future demand for properties with proven track records of good ESG performance. Rohan Gopaldas, Partner at Prospect Hotel Advisors, then highlighted the potential ambiguity in the scenario where an owner has only 1 year of their lease remaining. In this scenario, the decision on whether to implement sustainability measures or to leave it to the next owner might not be as straightforward (and it may not be in the next owner's interest or ability to implement).

Chisholm also indicated that it is important to collect data to prove the significant increase in selling prices when ESG is in place. With ESG requirements increasingly binding in the current climate, Patel anticipated that meeting these requirements will likely create more value at the time of exiting the market.

## Being good neighbors

*"We need to be good neighbors by being three steps ahead, and thinking about impacts on different parts of the community before rolling things out."*



Bill Barnett, Managing Director, C9  
Hotelworks Company Limited

## Responsible business over certifications

The conversation then pivots to the topic of certifications as a requirement and an indicator of sustainability. Abdullah observed that many owners seemed to have the misconception that certification is the only thing they need to do for sustainability. Abdullah explained that certifications are just a starting point, and there is a lot that goes into maintaining the sustainability of a property that owners need to consider and price in. To this issue, Eric J. Levy, Managing Director of Tourism Solutions International, shared that including sustainability in CapEx (Capital Expenditure) requirements can be a useful approach in engaging owners and keeping sustainability at the top of mind.

Both Patel and Abdullah also raised the point of certifications being just an indicator of sustainability that might be less attainable for some properties. For smaller-scale boutique and lifestyle hotels, certifications can be costly to pursue, making it difficult to convince General Managers to work on areas that would allow their property to be more sustainable.

Taking measurements and collecting ESG data is at the core of providing robust evidence for certification. Eric Ricourte, Founder & CEO of Greenview, pointed out that many business travelers and consumers are now demanding transparency about the environmental footprint of their travels. There are now many companies with corporate policies and vetting processes that look at these data to benchmark and compare properties before making decisions about their business travels.

Patel also observed that many sustainability programs solely focus on the E (environment) in ESG, leaving out the S (social) and G (governance), possibly because the latter two components are harder to measure. Through Alta Hospitality Fund Asia, Patel sought not to neglect the social aspects of hotel operations by focusing on local communities, providing local employment, and prioritizing procurement from local sources. Not only does this promote benefits-sharing with local communities, but it is also a good narrative for marketing hotels as responsible businesses, making it meaningful and worthwhile to do things right.

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## The Basics as a starting point

Kavi Kirpalani, Senior Director, Development Planning & Feasibility, Asia Pacific at Radisson Hotel Group, took the opportunity to introduce the [Hotel Sustainability Basics](#) as a useful resource to help owners with embedding sustainability in their hotel operations. Developed by the industry for the industry, this is a globally recognized and coordinated set of minimum indicators that all hotels should implement to drive responsible travel and tourism. Out of the 12 actions, hotels should first commit to the 8 that make the most sense to them and seek to implement the remaining actions within 3 years.

To Kirpalani, the availability of free and accessible resources such as the Hotel Sustainability Basics is essential for facilitating owner engagement and enacting real change. As a supporter of this initiative, Patrick O'Meara, Head of Business Development of the Sustainable Hospitality Alliance, added that such resources make it easier to move sustainability conversations forward and advance the industry as a whole.

## **Singapore's Hotel Sustainability Roadmap**

*facilitated by Eric Ricaurte, Founder & CEO, Greenview*

Ricaurte started the final discussion topic by providing the context of Singapore's Hotel Sustainability Roadmap. With ambitions to be a leading sustainable destination in the region, the Singapore Hotel Association and Singapore Tourism Board launched the Hotel Sustainability Roadmap to set out clear strategies and targets for hotels to adopt. The two main goals include:

1. For 60% of the hotel room stock in Singapore to attain internationally-recognized hotel sustainability certification (such as certification by GSTC-Accredited Certification Bodies) by 2025.
2. For 100% of hotels in Singapore to commence tracking carbon emissions using the HCMI methodology by 2023, reduce emissions by 2030, and achieve net-zero emissions by 2050.

Certification by GSTC-Accredited Certification Bodies is gaining prominence as the go-to mark of assurance because of its process-based criteria. It makes pursuing certification a more attainable goal because it recognizes hotels that take action and make progress toward enhancing the sustainability of their property.

## Reactions to Singapore's plans

Participants were then invited to share their thoughts on and reactions to this roadmap, as well as what their organizations have done since the announcement of this plan. Sun Mi Moon, Director, Development Management of 8M, remarked that it makes sense for hotels to adhere to this roadmap because of Singapore's governance structure. Moon found that the premium is not significant for pursuing sustainability and following authority requirements. Even if there was a premium, subsidies are available in Singapore. Singapore banks tend to be more amenable to green finance when a project is supported with the local Green Mark certification.

However, Moon also noted that small and medium-sized enterprises are more likely to fall through the cracks. Even though an adaptive reuse hotel project in the 8M portfolio is designed as a sustainable building, it might not qualify for a Green Mark certification due to constraints that come with smaller-sized buildings.

### Sooner than expected

*"Sustainability mandates are coming sooner than we expect."*



Sun Mi Moon, Director,  
Development Management, 8M

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Abdullah indicated that he anticipates the plan to contribute to the saturation of sustainability solutions within the next four to five years. Abdullah recommended that investors should come in early to understand the market thoroughly and identify the best investment opportunities.

## Opportunities for synergies

One of the challenges associated with this plan is the lack of details and direction, especially for new and smaller owners who would now have to figure out how to interpret sustainability standards based on the local context. A prime example of this would be how hotels should source local food when the nation imports a majority of its supply. This is where there are new opportunities for hotel associations to utilize their influence by directing hotels in the right direction. By tapping on their extensive network, hotel associations can facilitate partnerships by connecting hotels with local solution providers.

As a result, this also presents new opportunities to test and scale innovative solutions through the hotel industry, with owners also at the table given the presence of a tangible push from a government body. Through the Hotel Sustainability Roadmap, the government has created new demand that local startups can capitalize on. By making the connections, these synergies can help to create a productive ecosystem for scaling sustainable products and services.

## Good tales to tell

*"We can't change the portfolio overnight, but we can work with a few owners to lead the way and set good examples to showcase to the next owner."*



Lucy Christie, Senior Director, Owner Relations,  
Marriott International

## The call for more diverse stakeholders to the roundtable

A common theme across all three topics was the call for more stakeholders in hotel management to convene at the roundtable to talk about sustainability. Patrick O'Meara, Head of Business Development of the Sustainable Hospitality Alliance, pointed out that it is important to hear from different groups of people to understand pain points and identify better ways to collaborate.

Several participants also highlighted that it would be beneficial to get lenders on the table to understand their take on green finance in the hotel industry.



# HOTEL OWNERS FOR TOMORROW

## COALITION MEMBERS

As of 21 December 2022

### OWNER SIGNATORIES

- Akaryn Hotel Group
- Alphanam Group
- Alta Capital Real Estate
- Brightland Hotel Pvt Ltd
- Cempedak Private Island
- Centara Hotels & Resorts
- Crystal Creek Meadows
- GreenPlace Assets
- Harilela Hotels
- Hong Kong Cyberport
- Intermass Engineering & Contractors
- ITC Hotels
- Jasminn by Mango Hotels
- Leopard Rock Hotel
- Nikoi Island
- Pro Invest
- Pt Anugrah Karya Bangsa
- Pt Dua Cahaya Anugrah
- Swire Hotels
- Taj Hotels Resorts and Palaces
- The Hongkong & Shanghai Hotels
- The Henry Hotel
- The Lighthouse Marina Resorts

### INDUSTRY PARTNERS

- Estilo Hotels
- Hyatt Hotels Corporation
- Kokotel Bed & Café
- Marriott International
- Meritus Hotels & Resorts
- Six Senses Hotels, Resorts, Spas
- Wyndham Worldwide

### NETWORK PARTNERS

- GreenOtels
- International Tourism Partnership
- Pacific Asia Travel Association
- Phuket Hotels Association
- Subic Bay Hotels, Attraction, and Tourism Stakeholders Visitor Board

### SUPPORTERS

- C9 Hotelworks
- Craft House Consulting
- Greenview
- Horwath HTL
- Northside Consulting
- Tajara Leisure & Hospitality Group
- Tourism Solutions International
- TTG Publishing Travel Trade

# HOTEL OWNERS FOR TOMORROW

## JOIN THE COALITION

Hotels for Owners of Tomorrow (HOT) is a true coalition, with limited overhead or administrative structure, intended to advance peer-to-peer sustainability discussion among owners and investors. Ongoing roll-out is undertaken by the coalition's constituents through their various roles, channel, and initiatives including roundtables, internal presentations, and a resource library. Types of entities that may

- ❖ **Signatories** – owners of hotel real estate who commit to the principles and follow them. Some entities may play a dual role for both owning hotels and managing hotels for other owners.
- ❖ **Industry Partners** - entities with a direct relationship with owners and whose performance directly benefit from owner commitments (e.g. hotel brands and management companies).
- ❖ **Network Partners** - entities that benefit indirectly from the initiative's success because it is also aligned with their mission, purpose, or complementary initiatives (e.g. industry associations and initiatives).
- ❖ **Supporters** – entities that help hotel owners make investment decisions, or media that helps promote them. *Not vendors of green products or services.*

## HOW TO JOIN THE HOT COALITION

- ❖ The entity or a significant portion of its parent ownership of the entity is **headquartered in an Asian country** and owns a controlling interest in at least one property classified as a hotel/resort.
- ❖ **All four types of Coalition members**, including Signatories, Industry Partners, Network Partners, and Supports can **join by signing a commitment form** found here: <https://www.hotelsfortomorrow.org/jointhecoalition>, subject to approval for meeting the criteria for each membership type.
- ❖ The Owner Signatory **carries out its commitments** and **promotes becoming a signatory** to other entities who become interested.
- ❖ The Industry Partner and Development Supporter roles are to **engage owners to become signatories**, and **support signatories in implementing the principles**.
- ❖ The Network Partner and Media Supporter roles are to **provide external credibility to the initiative** and **help disseminate it throughout their networks**, further enabling signatories to be recognized.

Hotel Owners for Tomorrow is a grass-roots initiative of the hotel industry, launched in late 2016 and currently under pilot in Asia for bringing hotel owners to the global discussion of sustainability with financial acumen. There is no cost for owners to join, as this is a voluntary pledge, and the 5 actions do not require a financial commitment.

For more information and to join the coalition, visit  
[www.hotelsfortomorrow.org](http://www.hotelsfortomorrow.org).