



Fair share can be thought of as the subject hotel's "piece of the pie" in the market. For example, if the subject hotel's ADR is \$50 and the ADR of its competitive set is \$50, the subject hotel's index would total 100. If the subject hotel's ADR totaled \$60, its index would be 120, indicating the hotel has captured more than its fair share. If the subject hotel's ADR totaled \$40, its index would be 80, indicating the hotel has captured less than its fair share.

**alternative accommodations** – Accommodations other than hotels such as: vacation home rentals, cruise ships, home-sharing rentals, timeshares, hostels and serviced apartments.

**amortization period** – the timeframe during which the loan amount will be paid down to a 0 balance; most hotel loans have a 25-yr amortization period, but some may be 20-yr or 30-yr

**auction** - A system in which potential buyers place competitive bids on assets and services. The asset or service in question will sell to the party that places the highest bid. In most cases, sellers will pay a listing fee to the auctioneer, regardless of whether the item sells for the desired price. The Internet has increased the amount of exposure auctions have, and bidders no longer have to be present to participate. Online marketplaces connect buyers and sellers worldwide by allowing individuals to submit their bids (or list their products) online and send payment electronically.

*Hotel industry example:* The Watergate Hotel in Washington, D.C., was auctioned because the owners, Monument Realty, defaulted on a \$70-million loan.

**average published rate (APR)** - The average published rate is measured by averaging the range of published room rates for various room sizes (single, double, etc.) during different times of the year. When hotels in our census database do not report data to STR, an estimate of actual average daily rate is derived using published rates.

## **B**

**bankruptcy** – A legal proceeding involving a person or business that's unable to repay outstanding debts. The bankruptcy process begins with a petition filed by the debtor (most common) or on behalf of creditors (less common). All of the debtor's assets are measured and evaluated, whereupon the assets are used to repay a portion of outstanding debt. Upon the completion of bankruptcy proceedings, the debtor is relieved of the debt obligations incurred before filing for bankruptcy.

Bankruptcy offers an individual or business a chance to start fresh by forgiving debts that can't be paid while offering creditors a chance to obtain some measure of repayment based on what assets are available. In theory, the ability to file for bankruptcy can benefit an overall economy by giving persons and businesses another chance and providing creditors with a measure of debt repayment.

Bankruptcy filings in the United States can fall under one of several chapters of the Bankruptcy Code, such as Chapter 7 (which involves liquidation of assets), Chapter 11 (company or individual reorganizations) and Chapter 13 (debt repayment with lowered debt covenants or payment plans). Bankruptcy filing specifications vary widely among different countries, leading to higher and lower filing rates depending on how easily a person or company can complete the process.

*Hotel industry example:* The hotel chain Extended Stay Hotels filed for Chapter 11 bankruptcy protection, citing massive debt stemming from its 2007 acquisition by Lightstone Group and a sharp drop in business travel because of the recession.

**basis point** - A unit equal to 1/100th of 1% and used to denote the change in a financial instrument. The basis point is commonly used for calculating changes in interest rates, equity indexes and the yield of a fixed-income security. The relationship between percentage changes and basis points can be summarized as follows: 1% change equals 100 basis points, and 0.01% equals 1 basis point. A bond whose yield increases from 5% to 5.5% is said to increase by 50 basis points; or interest rates that have risen 1% are said to have increased by 100 basis points.

*Hotel industry example:* Red Lion's hotel direct operating profit for the fourth quarter of 2007 increased 19.4% to \$5.8 million from the prior-year period, a 205 basis-point increase to 15.7% versus 13.6% in 2006.

**bid-ask spread** - The amount by which the ask price exceeds the bid. This is the difference in price between the highest price a buyer is willing to pay for an asset and the lowest price a seller is willing to sell it. If the bid price is \$20 and the ask price is \$21, then the bid-ask spread is \$1. The size of the spread from one asset to another will differ mainly because of the difference in liquidity of each asset.

**bondholder** - The owner of a government or corporate bond. Being a bondholder is often considered safer than being a shareholder because if a company liquidates, it must pay its bondholders before it pays its shareholders. Being a bondholder entitles one to receive regular interest payments, if the bond pays interest (usually semiannually or annually), as well as a return of principal when the bond matures.

Bonds are perceived as being low risk, but the level of risk depends on the type of bond in question. For example, holding corporate bonds will yield higher returns than holding government bonds, but they come with greater risk. Bonds also are subject to interest rate risk, reinvestment risk, inflation risk, credit/default risk, liquidity risk and rating downgrades. An advantage of being a bondholder is that some bonds are exempt from federal, state or local income taxes.

**boutique** - Unique in style, design-centric, either independent or affiliated with a smaller brand system, with 40 to 300 guestrooms.

## C

**capital expenditure** - Also known as CapEx. Money spent by a business to acquire or maintain fixed assets such as land, buildings and equipment.

**capitalization rate** - The capitalization rate (or cap rate) for a hotel is used as a way to compare potential returns on various real estate investments. Different operating metrics can be used, however, net operating income is most frequently cited. To determine a hotel's cap rate, divide the NOI (or other metric selected) by the hotel's total value.

*Hotel industry example:* According to HVS, the third quarter 2007 had the highest average cap rate in the U.S. at 9.2% and hotels with a sales price of \$101 million and above had the lowest average cap rate at 5%.

**capital markets** - A market in which individuals and institutions trade financial securities. Organizations/institutions in the public and private sectors also often sell securities on the capital markets to raise funds. This type of market is composed of the primary and secondary markets.

The stock and bond markets are parts of the capital markets. For example, when a company conducts an IPO, it's tapping the investing public for capital and is using capital markets. This also is true when a country's government issues Treasury bonds in the bond market to fund its spending initiatives.

**cash-on-cash return** – ratio of annual NOI after debt service to the total cash invested in the hotel; the cash investment includes the equity investment in the hotel plus any additional cash invested in capital improvements by the owner; =  $(\text{NOI} - \text{debt service}) \div \text{cash investment}$

**census** - The total number of hotels and rooms in STR's database in a particular segment.

**chain scales** - Chain scale segments are a method by which branded hotels are grouped based on the actual average room rates. Independent hotels, regardless of their average room rates, are included as a separate chain-scale category. The chain-scale segments are:

- Luxury chains
- Upper upscale chains
- Upscale chains
- Upper midscale chains
- Midscale chains
- Economy chains
- Independents

**class** – (Luxury, upper upscale, upscale, upper midscale, midscale, economy) Class is an industry categorization which includes chain-affiliated and independent hotels. The class for a chain-affiliated hotel is the same as its chain scale. An independent hotel is assigned a class based on its ADR, relative to that of the chain hotels in its geographic proximity.

**collapsed submarket class** - This designation is similar to market class with the following exceptions: Luxury and upper upscale are collapsed to form a single class (luxury and upper upscale). Upscale and upper midscale are collapsed to form a single class (upscale and upper midscale). Midscale and economy are collapsed to form a single class (midscale and economy). The submarket classes are:

- Luxury and upper upscale
- Upscale and upper midscale
- Midscale and economy

**collateralized debt obligation** - An investment-grade security backed by a pool of bonds, loans and other assets. CDOs don't specialize in one type of debt but are often nonmortgage loans or bonds. Similar in structure to a collateralized mortgage obligation (CMO) or collateralized bond obligation (CBO), CDOs are unique because they represent different types of debt and credit risk. In the case of CDOs, these different types of debt are often referred to as tranches or slices. Each slice has a different maturity and risk associated with it. The higher the risk, the more the CDO pays.

*Hotel industry example:* In 2007, Fitch Ratings downgraded and assigned outlooks to Gramercy Real Estate CDO 2007-1 Ltd./LLC because its view on the credit risk of the rated tranches following the release of Gramercy's new structured finance collateralized debt obligation rating criteria, credit deterioration to the collateral pool that occurred since the previous review, and the continued delinquency of two cross-defaulted hotel loans located in Florida.

**commercial loan** - A debt-based funding arrangement a business can set up with a financial institution. The proceeds of commercial loans may be used to fund large capital expenditures and/or operations a business may otherwise be unable to afford.

Because of expensive upfront costs and regulation related hurdles, smaller businesses don't typically have direct access to the debt and equity markets for financing purposes. They must rely on financial institutions to meet their financing needs.

Similar to consumer credit, businesses have a variety of lending products to choose from. A line of credit, term loans and unsecured loans are examples. Small businesses should shop at different institutions to determine which lender offers the best terms for the loan.

**commercial mortgage-backed securities** - A type of mortgage-backed security secured by the loan on a commercial property. A CMBS can provide liquidity to real-estate investors and to commercial lenders. As with other types of MBS, the increased use of CMBS can be attributable to the rapid rise in real-estate prices throughout the years. Because they're not standardized, there are many details associated with CMBS that make them difficult to value. However, when compared to a residential mortgage-backed security (RMBS), a CMBS provides a lower degree of prepayment risk because commercial mortgages are most often set for a fixed term.

*Hotel industry example:* In its bankruptcy filing, Extended Stay Hotels sought the breakup of one of the largest commercial mortgage-backed securities' portfolios that was a hard sell at the peak of the real-estate boom. Real-estate investor Lightstone Group LLC borrowed \$7.4 billion to buy Extended Stay from private-equity firm Blackstone Group LP in June 2007. In June of this year, holders of the \$4.1 billion in senior debt were offered \$1.8 billion of a new three-part mortgage loan, \$775 million of a second-lien loan, about \$471 million in preferred stock and 100% of common equity in a reorganized company valued at \$3.3 billion.

**competitive set** - A competitive set consists of a group of hotels by which a property can compare itself to the group's aggregate performance. There must be a minimum of three hotels in any competitive set and a minimum of four hotels in Europe, excluding the subject hotel. To protect proprietary data, a single hotel or brand cannot exceed 40% of the competitive set for North American hotels and 50% for hotels outside of North America. A single hotel company (i.e. Marriott brands, Choice brands, etc.) may only comprise 60% of the competitive set room supply.

**construction loan** – financing for a development project; typically these loans are short-term, covering the construction timeframe (1 to 3 yrs); after construction is completed, the developer usually pays off the construction loan by refinancing with a Permanent Loan – a standard loan for existing hotels.

**contract rooms** - Contract rooms are occupied at rates stipulated by contracts – such as for airline crews and permanent guests. Room allotments that do not require guaranteed use or payment should not be classified as contract. Rooms sold under such allotments should be classified as transient.

**credit agreement** - A legal contract in which a bank arranges to loan a customer a certain amount of money for a specified amount of time. The credit agreement outlines all the rules and regulations associated with the contract. This includes the interest that must be paid on the loan.

A credit agreement can be a lengthy and detailed document that explains all the terms of the contract. For the most part, all types of loans (ranging from credit cards to mortgages) have some credit agreement, which must be signed and agreed on by the bank or lender and customer. The contract doesn't come into effect until the document has been signed by both parties.

*Hotel industry example:* In 2002, Cendant Corporation obtained a \$2.9-billion, three-year, revolving credit facility replacing \$2.4 billion of credit facilities scheduled to expire in August 2003 and February 2004. The credit facility represented a \$500-million increase in Cendant's credit lines. JP Morgan Chase and Bank of America were the co-lead banks and Citibank, Barclays and Bank of Nova Scotia were the co-agents for the credit facility.

## D

**debt** – money owed by a property to entities other than the owner; typically, this is the mortgage, but may include other obligations (mezzanine loan, taxes, etc.)

**DCR - debt coverage ratio/DSCR - debt service coverage ratio** – the ratio of net operating income to annual debt payments; obviously, lenders want the property cash flow to be higher than the debt payments; generally lenders require DCR/DSCR to be 1.2 or higher; =  $\text{NOI} \div \text{debt payment}$

**debt service** - Cash required during a given period for the repayment of interest and principal on a debt. Monthly mortgage payments are a good example of debt service.

*Hotel industry example:* PKF Hospitality Research predicts the number of full-service U.S. hotels lacking the cash flow needed to pay their debt will increase by 25% in 2009.

**debt yield** - The return a lender gets on its loan to a borrower.

**default** - 1. The failure to pay interest or principal promptly when due. Default occurs when a debtor is unable to meet the legal obligation of debt repayment. Borrowers may default when they're unable to make the required payment or are unwilling to honor the debt. Defaulting on a debt obligation can place a company or individual in financial trouble. The lender will see a default as a sign the borrower isn't likely to make future payments.

2. The failure to perform on a futures contract as required by an exchange. Defaulting on a futures contract occurs when one party doesn't fulfill the obligations set forth by the agreement. The default usually involves not settling the contract by the required date. A person in the short position will default if he fails to deliver the goods at the end of the contract. The long position defaults when payment isn't provided by the settlement date.

*Hotel industry example:* Monument Realty, owners of the Watergate Hotel in Washington, D.C., defaulted on a \$70-million loan derive from lender PB Capital.

**deferred maintenance** - Refers to the practice of delaying maintenance on a property.

**delinquent mortgage** - A mortgage for which the borrower has failed to make payments as required in the loan documents. If the borrower can't bring the payments current within a certain time period, the lender may initialize foreclosure proceedings. Foreclosure is a last resort for lenders because it's an expensive procedure, and they typically lose money in foreclosure proceedings. A forbearance agreement is a potential option to foreclosure if the borrower's financial difficulties are temporary. A deed in lieu of foreclosure is another option to foreclosure.

*Hotel industry example:* Defaults on five loans of \$100 million or more contributed to a record \$2.2 billion net increase in U.S. CMBS delinquencies in June 2009, pushing late-pays up 48 basis points (bps) to 2.55%, according to Fitch Ratings. Fitch expected an additional \$608 million of Fitch-rated hotel loans 30 days past due as of 30 June. Included in this group were three notes totaling \$293.8 million which correspond to portfolios of Red Roof Inn properties.

**discount rate** - the combined return % on an investment for both the equity and debt investors; essentially, the IRR on a hotel assuming there is no debt; sometimes referred to as Yield Rate; the Discount Rate/Yield Rate will always be at a level between the interest rate (the lender's return rate) and the IRR (the investor's return rate)

**distressed sale** - An urgent sale of assets because of negative conditions. For example, securities may have to be sold because there is a margin call. Because a distressed sale happens under unfavorable conditions, the seller generally receives a lower price.

*Hotel industry example:* PKF has worked on deals that would qualify as distress sales: the US\$12.4-million sale of the foreclosed 86-room Hotel Montgomery in San Jose, California, for Gramercy Capital Corporation and the 44-unit Rosario Resort and Spa in Eastsound, Washington, which sold at auction for \$5.9 million.

**dual-brand hotels** - A property that combines two hotels that operate separately but share economies of scale deriving from the sharing of resources such as back-of-house operations. Usually such properties combine two brands from one hotel chain, but there are examples of one building containing two flags from different hotel companies. Commonly referred in the United States as "two-pack hotels." There also exist examples of three-pack hotels, although this property type is less common.

## E-F

**EBITDA – earnings before Interest, taxes, depreciation, and amortization** – similar to NOI, but excludes deductions for reserve for replacement; = NOI + Reserve for Replacement.

**EB-5** – an immigration program that provides a method of obtaining a U.S. visa by investing in the U.S. and creating new jobs within specified Regional Centers defined by the government; if a foreign investor develops a hotel and creates new jobs in these areas of the U.S., their family members have an easier process of obtaining visas; essentially, they're buying their way into the U.S.

**equity** – the property value attributed to the owner; often this is the cash invested in the property; = Value - Debt

**extended stay** - Extended-stay hotels focus on attracting hotel guests for extended periods of time, typically more than five consecutive nights. These hotels quote weekly rates.

**financial distress** - A condition in which a company can't meet, or has difficulty paying off, its financial obligations to its creditors. The chance of financial distress increases when a firm has high fixed costs, illiquid assets, or revenues that are sensitive to economic downturns. A company under financial distress can incur costs related to the situation, such as more expensive financing, opportunity costs of projects and less productive employees. A company's cost of borrowing additional capital will usually increase, making it more difficult and expensive to raise the much-needed funds. To satisfy short-term obligations, management might pass on profitable longer-term projects.

*Hotel industry example:* In 2003, The Clift in San Francisco, a 373-room boutique property that is part of Ian Schrager Hotels, filed for bankruptcy protection, and the owner of Le Meridien Hotels & Resorts' London properties took over management of the assets.

**FIT** - Free and independent travel, or business that is not part of a package or group.

**focused-service hotel** - see definition for limited-service hotel

**food & beverage (F&B) revenue** - Revenues derived from the sale of food (including coffee, milk, tea and soft drinks), beverages (including, beer, wine and liquors), banquet beverages and other F&B sources. Other F&B sources include meeting room rentals, audio-visual equipment rentals, cover or service charges or other revenues within the food-and-beverage department (includes banquet services charges).

**foreclosure** - A situation in which an owner is unable to make principal and/or interest payments on its mortgage; so the lender, be it a bank or building society, can seize and sell the property as stipulated in the terms of the mortgage contract. In some cases, to avoid foreclosing on a property, creditors try to make adjustments to the repayment schedule to allow the owner to retain ownership. This situation is known as a special forbearance or mortgage modification.

*Hotel industry example:* The city of Washington sent a 30-day notice of foreclosure to the owners of the Watergate Hotel, Monument Realty, in June 2008 after the company defaulted on its loan. The notice, which expired this month, lists an outstanding US\$40-million balance on the loan. Monument officials hoped the lender, PB Capital, could agree to new terms before the hotel was forced into foreclosure.

**franchisor** - a company that sells franchises.

**franchisee** - an individual or company buying or leasing a franchise.

**full-service hotel** - Full-service hotels are generally mid-price, upscale or luxury hotels with a restaurant, lounge facilities and meeting space as well as minimum service levels often including bell service and room service. These hotels report food-and-beverage revenue.



**furniture, fixtures and equipment** - often referred to as FF&E, these are the hard-good items found in a hotel.

**FFO – funds from operation** – used by REITs to define cash flow from overall operations; includes deductions for depreciation and amortization.

## **G-H-I**

**GOPPAR** - Gross operating profit per available room. The metric measures performance across all revenue streams.

**group rooms** - Group rooms are sold simultaneously in blocks of a minimum of ten rooms or more (e.g. group tours, domestic and international groups, association, convention and corporate groups).

**hold period** – the timeframe that an investor owns a hotel; in underwriting, owners typically assume a 5-year or 10-year hold period.

**HOST Study** - The HOST (Hotel Operating Statistics) Study contains information on hotel revenues and expenses broken down by departments including rooms, food and beverage, marketing, utility costs and maintenance. This report is published annually by STR and the results are based on the operating statements of more than 5,000 U.S. hotels. Custom HOST Reports are also available for entire states, metropolitan areas or competitive sets.

**hotel types** - Hotel classifications are driven primarily by building structure and secondarily by service level. Chain management has provided us with hotel type classifications for a significant number of locations. Hotel types are:

- *all-suite*: All guest rental units consist of one or more bedrooms and may include a separate living area. Many suites contain kitchenettes or mini-refrigerators. Suite hotels often have no integrated dining facilities available; however, many offer complimentary breakfast.
- *boutique*: These are hotels that appeal to their guests because of their unusual amenity and room configurations. They are normally independent and smaller than 200 rooms with a high rack rate. However, there are three chains whose hotels are automatically coded as boutique: W Hotels (a Starwood brand), Kimpton Hotels and Joie de Vivre Hotels.
- *conference*: Lodging hotels that place major focus on conference operations. Hotels must meet guidelines of the International Association of Conference Centers.
- *convention*: Hotels with a minimum of 300 rooms and large meeting facilities (minimum of 20,000 Square feet) and not part of the conference center group.
- *destination resorts*: These are hotels that appeal to the leisure traveler, are located in resort markets and are considered a destination in themselves. They have extensive amenities, multiple pools, multiple restaurants and normally a beautiful physical hotel. If a hotel has the word “resort” in its name and is part of a luxury or upper-upscale chain, it is automatically considered a destination resort.
- *extended stay*: Hotel must have kitchenettes, including a stove-top burner. Extended stay hotels focus on attracting hotel guests for extended periods of time, typically more than 5 consecutive nights. These hotels quote weekly rates.
- *gaming/casino*: Lodging hotels that place major focus on casino operations.

- *golf*: Hotel must have a golf course on hotel property to be considered. It is not sufficient if the hotel only has privileges on the course next door.
- *hotel/motel*: A standard hotel or motel operation.
- *ski*: Guests have easy access to ski slopes.
- *spa*: Hotel must have designated spa facility and offer treatments. Offering a sauna or hot tub/whirlpool would not qualify.
- *waterpark*: An indoor or outdoor waterpark resort as a lodging establishment containing an aquatic facility with a minimum of 10,000 square feet of waterpark space and inclusive of amenities such as slides, tubes and a variety of water play features.

**hybrid bonds** - A single financial security that combines two or more different financial instruments. Hybrid securities, often referred to as “hybrids,” generally combine both debt and equity characteristics. The most common type of hybrid security is a convertible bond that has features of an ordinary bond but is heavily influenced by the price movements of the stock into which it is convertible.

**index** - An index measures a hotel’s performance relative to an aggregated grouping of hotels (e.g., competitive set, market, submarket). We utilize indexes to measure performance in three key areas: occupancy, ADR and RevPAR.

An index of 100 means a hotel is capturing a fair share compared to the aggregated group of hotels. An index greater than 100 represents more than a fair share of the aggregated group’s performance. Conversely, an index below 100 reflects less than a fair share of the aggregated group’s performance.

See Occupancy (Penetration) Index, ADR (Rate) Index and RevPAR (Yield) Index

**interest rate** – the rate of return paid to the lender; the interest rate on a Fixed Rate loan remains the same throughout the lifetime of the loan; the interest rate for a Floating Rate loan varies with a variable base rate; LIBOR (London Interbank Offered Rate – the average interest rate for lending among banks) is typically the base rate for floating rate commercial real estate loans; such loans may be LIBOR + 150bps (Basis Points); 100 basis points = 1.00%

**internal rate of return (IRR)** - The discount rate often used in capital budgeting that makes the net present value of all cash flows from a project equal to zero. Generally the higher a project’s internal rate of return, the more desirable it is to undertake the project. IRR can be used to rank several prospective projects a company is considering. Assuming all other factors are equal among the various projects, the project with the highest IRR would probably be considered the best and undertaken first. IRR is sometimes referred to as economic rate of return (ERR).

Think of IRR as the rate of growth a project is expected to generate. While the actual rate of return that a given project ends up generating will often differ from its estimated IRR rate, a project with a substantially higher IRR value than other available options still would provide a much better chance of strong growth.

IRRs also can be compared against prevailing rates of return in the securities market. If a company can’t find any projects with IRRs greater than the returns that can be generated in the financial markets, it may choose to invest its retained earnings into the market.

*Hotel industry example:* Ashford Hospitality Trust acquired a mezzanine loan participation secured by interests in 681 extended-stay hotels recently purchased by affiliates of Lightstone Group and Arbor Realty Trust. Funding for the acquisition was being provided by ongoing asset sales. The loan participation, which is part of a \$400-million mezzanine loan tranche, was acquired for \$98.4 million and at a significant discount to par. Ashford's investment is priced to yield approximately 23.9% based upon the purchase price discount to par and the forward LIBOR curve through the final maturity of the loan. The loan initially matures in June 2009, has three one-year extension options and can be prepaid at anytime.

## J-K

**joint venture** - The cooperation of two or more individuals or businesses—each agreeing to share profit, loss and control—in a specific enterprise. This is a way for companies to partner without having to merge. JVs typically are taxed as a partnership.

*Hotel industry example:* In 2004, Fairmont Hotels & Resorts, Kingdom Hotels International and Bank of Scotland Corporate, a division of HBOS plc formed a joint venture to invest in luxury hotels in European markets. The joint venture had a potential buying capacity of \$1.5 billion.

## L

**lifestyle brands** - Prescribed franchised products that are adapted to reflect current trends.

**limited-service hotel** - Also known as select-service or focused-service hotels, limited-service hotels have rooms-only operations, (i.e., without food-and-beverage service) or offer a bedroom and bathroom for the night, but few other services and amenities. These hotels often are in the budget or economy group and do not report significant food-and-beverage revenue.

**loan servicing** - The administration aspect of a loan from the time the proceeds are dispersed until the loan is paid off. This includes sending monthly payment statements and collecting monthly payments, maintaining records of payments and balances, collecting and paying taxes and insurance (and managing escrow and impound funds), remitting funds to the note holder, and following up on delinquencies.

Loan servicers are compensated by retaining a relatively small percentage of each periodic loan payment known as the servicing fee or servicing strip. This is usually 0.25% to 0.5% of the periodic interest payment. For example, if the outstanding balance on a mortgage is \$100,000 and the servicing fee is 0.25%, the servicer is entitled to retain  $((.0025 / 12) \times 100,000) = \$20$  of the next period payment before passing the remaining amount to the note holder.

Loan servicing trades in the secondary market much like mortgage-backed securities. The valuation of mortgage servicing is similar to the valuation of MBS IO strips. Servicing strips are subject to a great deal of prepayment risk and tend to show negative convexity.

*Hotel industry example:* In June 2009, lenders moved to take control of and foreclose on Loews Lake Las Vegas after the hotel's owner defaulted on a \$117 million loan. The hotel is owned by Loews as a minority investor and an institutional investor partner. Wells Fargo Bank, trustee for the lenders, sued Loews LLV Hotel LLC. Court papers show the hotel company told the lenders it needed an emergency

loan because it was running out of cash and without the loan it would cease operations. The lenders, through loan servicing company CWC Capital Asset Management LLC, responded with an advance of \$581,000 to pay operating expenses at the property.

**loan term** – the timeframe during which the loan will be paid off; the loan matures at the end of the term, forcing the owner to pay the remaining balance; this is different from the amortization period; a loan can be amortized over 25 yrs, but may have only a 5-yr term in which case the balance on the loan needs to be paid at the end of 5 yrs (typically paid by refinancing the loan);

**LTV – loan-to-value** – the percentage of the loan to the overall property value; the value may be the purchase price, the development cost, the appraised value, or the current value + renovation costs; typically between 60% and 70%; =  $\text{loan} \div \text{value}$

**location segment** - Location segments are hotel classifications driven by physical location. Chain management has provided us with location classifications for a significant number of hotels. Location segments are:

- *urban* - A densely populated area in a large metropolitan area. (e.g. Atlanta, Boston, San Francisco, London, Tokyo.).
- *suburban* - Suburbs of metropolitan markets. Examples are Sags Harbor and White Plains, New York, near New York City, and Croydon and Wimbledon near London. Distance from center city varies based on population and market orientation.
- *airport* - Hotels in close proximity of an airport that primarily serve demand from airport traffic. Distance may vary.
- *interstate/motorway* - Hotels in close proximity of major highways, motorways or other major roads whose primary source of business is through passerby travel. Hotels located in suburban areas have the suburban classification.
- *resort* - Hotels located in resort areas where the primary source of business is from leisure destination travel. Examples are Orlando and Lake Tahoe, California.
- *small metro/town* - (North America only) Metropolitan small town areas with less than 150,000 people. Size can vary dependent on market orientation. Suburban locations do not exist in proximity to these areas.

**lose-it rate** - The rate of which a hotel would be better off leaving a room unsold than to sell at that particular rate. For transient individual reservations, it is usually called a “hurdle” rate in an automated revenue management system. In non-automated revenue management, it is usually termed the “Group lose-it rate” because the complex calculation is only done for groups where the revenue result can have a major impact on the hotel revenue.

## M

**manchised** - hotel properties that are managed and franchised by the same company.

**mark to market** - 1. A measure of the fair value of accounts that can change over time, such as assets and liabilities. Mark to market aims to provide a realistic appraisal of a company’s current financial situation. Problems can arise when the market-based measurement doesn’t accurately reflect the

underlying asset's true value. This can occur when a company is forced to calculate the selling price of these assets or liabilities during unfavorable or volatile times, such as a financial crisis. For example, if the liquidity is low or investors are fearful, the current selling price of a bank's assets could be much lower than the actual value. The result would be a lowered shareholders' equity.

This issue was seen during the financial crisis of 2008/09 where many securities held on banks' balance sheets couldn't be valued efficiently as the markets had disappeared from them. In April of 2009, the Financial Accounting Standards Board voted on and approved new guidelines that would allow for the valuation to be based on a price that would be received in an orderly market rather than a forced liquidation.

2. The accounting act of recording the price or value of a security, portfolio or account to reflect its current market value rather than its book value. This is done most often in futures accounts to make sure that margin requirements are being met. If the current market value causes the margin account to fall below its required level, the trader will be faced with a margin call.

3. When the net asset value of a mutual fund is valued based on the most current market valuation. Mutual funds are marked to market daily at the market close so investors have an idea of the fund's NAV.

**market** - In the U.S., a market is defined as a geographic area composed of a Metropolitan Statistical Area (i.e. Atlanta), a group of Metropolitan Statistical Areas (i.e. South Central Pennsylvania) or a group of counties (i.e. Texas North). Outside the U.S., a market can be defined as a city, region or country with at least 30 participating hotels. A market must contain a sufficient number of hotels to permit further subdivision into submarket and price segments.

**market class** - Hotels located in the same market and classified in the same chain-scale segment as the subject hotel are grouped with the subject hotel into one of seven market scale groups: :

- luxury;
- upper upscale;
- upscale;
- upper midscale;
- midscale; and
- economy.

**market class collapsed** - Hotels located in the same market and classified in the same chain scale segment as the subject hotel. There are two market scale (collapsed) groups:

Upscale (includes luxury, upper upscale, upscale and independent)

Midscale/economy (includes upper midscale, midscale and economy)

**market price segments** (U.S. Only) - The five categories of a metro STR market which are defined by actual or estimated average room rate. The five price categories are shown below:

- luxury - top 15% average room rates;
- upscale - next 15% average room rates;

- mid-price - middle 30% average room rates;
- economy - next 20% average room rates; and
- budget - lowest 20% average room rates.

In rural or non-metro STR markets, the luxury and upscale segments collapse into the upscale and form four price segment categories:

- upscale - top 30% average room rates;
- mid-price - next 30% average room rates;
- economy - next 20% average room rates; and
- budget - lowest 20% average room rates.

**market scale** - Hotels located in the same market and classified in the same chain scale segment as the subject hotel are grouped with the subject hotel into one of seven market scale groups:

- luxury;
- upper upscale;
- upscale;
- upper midscale;
- midscale;
- economy; and
- independent.

**market scale collapsed** - Hotels located in the same market and classified in the same chain scale segment as the subject hotel. There are two market scale (collapsed) groups:

- upscale (includes luxury, upper upscale, upscale and independent); and
- midscale/economy (includes upper midscale, midscale and economy).

**market tract** - See submarket

**market tract scale** - See submarket scale

**mezzanine debt** - A general term describing a situation in which a hybrid debt issue is subordinated to another debt issue from the same issuer. Mezzanine debt has embedded equity instruments (usually warrants) attached, which increase the value of the subordinated debt, and allows for greater flexibility when dealing with bond holders. Mezzanine debt is frequently associated with acquisitions and buyouts where it may be used to prioritize new owners ahead of existing owners in case of bankruptcy. Some examples of embedded options include stock call options, rights and warrants. In practice, mezzanine debt behaves more like stock than debt because the embedded options make the conversion of the debt into stock very attractive.

Under U.S. generally accepted accounting principles, how a hybrid security is classified on the balance sheet depends on how the embedded option is influenced by the debt portion. If the exercising of the embedded option is influenced by the structure of the debt portion in any way, the two parts of the hybrid (debt and the embedded equity option) must be classified in the liability and stockholder's equity sections of the balance sheet.

*Hotel industry example:* The top holders of Extended Stay secured debt are Wachovia Bank NA., with claims of \$984 million in mezzanine debt and \$515 million in mortgage debt; and Bank of America Corporation, which claims \$958 million in mezzanine debt and \$400 million in mortgage debt. The petition names “Bear Stearns/Blackrock” as the No. 3 secured claimant with \$796 million in mezzanine debt and \$274 million in mortgage debt.

**mezzanine financing** - A hybrid of debt and equity financing typically used to finance the expansion of existing companies. Mezzanine financing is debt capital that gives the lender the rights to convert to an ownership or equity interest in the company if the loan isn't paid back in time and in full. It's generally subordinated to debt provided by senior lenders such as banks and venture capital companies. Because mezzanine financing usually is provided to the borrower quickly with little due diligence on the part of the lender and little or no collateral on the part of the borrower, this type of financing is aggressively priced with the lender seeking a return in the 20- to 30-% range. Mezzanine financing is advantageous because it's treated like equity on a company's balance sheet and may make it easier to obtain standard bank financing. To attract mezzanine financing, a company usually must demonstrate a track record in the industry with an established reputation and product, a history of profitability and a viable expansion plan for the business.

*Hotel industry example:* In 2007, Lowe Resort Finance Investment Partners, a discretionary investment fund, provided US\$75 million in mezzanine financing to a joint venture between Bayrock Group and Sapir Organization for the development of the 413-unit Trump SoHo condominium-hotel project in Manhattan.

**MICE** - An acronym standing for the meetings, incentives, conference and exhibitions (or events) segment of the group travel market.

## **N-O**

**net operating income (NOI)** - A company's operating income after operating expenses are deducted but before income taxes and interest are deducted. If this is a positive value, it's referred to as net operating income, while a negative value is called a net operating loss. NOI often is viewed as a good measure of company performance. Some believe this figure is less susceptible than other figures to manipulation by management.

*Hotel industry example:* A hotel's net operating income percentage is most closely tied to its occupancy, although it also influenced by average daily rate, market segment, property's age and brand affiliation.

**non-recourse** – a provision in a loan that prohibits the lender from seeking debt payments from the owner of the property (i.e. if Marriott International owns a hotel that cannot pay its debt, the lender cannot go to Marriott International to satisfy the debt).

**OCC (Penetration) Index** - An index designed to measure a hotel's share of the segment's (comp set, market, tract, etc.) demand (demand = rooms sold).

$(\text{Hotel Occupancy} / \text{Segment Occupancy}) \times 100 = \text{Occupancy Index}$

Fair share can be thought of as the subject hotel's "piece of the pie" in the market. For example, if there are 1,000 rooms in the competitive set and the subject hotel has 100 rooms, the subject hotel's fair share is 10.00%. If the subject hotel accounts for 10.00% of the room nights generated within the competitive set in a given time period, the subject hotel's actual share equals its fair share, giving it an occupancy index of 100%.

**occupancy** - Occupancy is the percentage of available rooms that were sold during a specified period of time. Occupancy is calculated by dividing the number of rooms sold by rooms available.

Occupancy = Rooms Sold / Rooms Available

**online travel agency (OTA)** - An Internet-based hotel and travel reservations system. Hotels typically provide inventory to OTAs, which sell the rooms in exchange for a commission.

**other revenue** - Includes all other revenue excluding room revenue and F&B revenue.

Other Revenue = Total Revenue - (Room Revenue + F&B Revenue)

(This type of data is seen in the segmentation portion of STR reports.)

## P

**pipeline** - Pipeline data details existing hotel supply and projected growth globally. Construction data is gathered from the major chains and management companies as well as TWR/Dodge Construction, tracking all stages of development.

phase definitions:

- *existing supply*: All hotels opened and operating, including those opened in the last 12 months.  
recently opened: Opened within the past 12 months.
- *in construction*: Ground has been broken or the owner is finalizing bids on the prime (general) contract.
- *final planning*: The project will go out for bids, or construction will start within 4 months.
- *planning*: An architect or engineer has been selected for the project and plans are underway. Initial approvals have usually been granted.
- *pre-planning*: No architect has been selected.

Note: The availability of financing, issuance of building permits, owner commitment and many other factors can alter anticipated completion dates, number of rooms to be constructed, or the viability of the project. Number of projects and number of rooms in the construction pipeline are subject to change. Projects in early stages of development are less likely to be completed than projects in later stages.

**portfolio lender** - A company that originates mortgage loans and holds a portfolio of their loans instead of selling them off in the secondary market. A portfolio lender makes money off the fees for originating the mortgages and also seeks to make profits off the spread (difference) between interest-earning assets and the interest paid on deposits in their mortgage portfolio.



Many mortgage lenders avoid the risks of holding mortgages, only profiting from origination fees and then quickly selling off the mortgages to other financial institutions. There are pros and cons to both methods. Companies who profit from mortgage origination experience less risk and likely a more stable profit stream, while portfolio lenders have a chance to experience more upside on their portfolio but also more risk.

*Hotel industry example:* Attorney Michael Williamson of law firm Buchalter Neheme worked with a portfolio lender regarding US\$100-million acquisition financing for resort hotel in Orange County, California.

**price tier (U.S. Only)** - The three categories of a state, STR market or submarket, which are defined by actual average daily room rate or average published rate. The three categories are:

- upper tier - top 33% room rates;
- middle tier - middle 33% room rates; and
- lower tier - lowest 33% room rates.

**product improvement plan/property improvement plan (PIP)** - A requirement by hotel brands that owners undertake renovations and upgrades to meet current chain standards. PIPs are generally required when a hotel joins a brand system, when a branded hotel is sold or when a franchise or membership agreement comes up for renewal.

**public-private investment program** - A plan designed to value and remove troubled assets from the balance sheet of troubled financial institutions in the U.S. The PPIP's goal is to create partnerships with private investors to buy toxic assets. The program is designed to increase liquidity in the market and serve as a price-discovery tool for valuing troubled assets.

The PPIP consists mainly of two parts: a Legacy Loans Program and a Legacy Securities Program. The Legacy Loans Program uses FDIC-guaranteed debt along with private equity to purchase troubled loans from banks. The Legacy Securities Program is designed to use funds from the Federal Reserve, Treasury and private investors to reignite the market for legacy securities. Legacy securities include certain mortgage-backed securities, asset-backed securities and other securitized assets the government deems to be eligible for the program.

*Hotel industry example:* In June 2009, an affiliate of private equity firm Starwood Capital Group filed for an initial public offering of as much as \$500 million to invest in toxic assets. Starwood Properties Trust Inc, created in May, plans to invest in commercial mortgage-backed securities sold under the U.S. government's public-private investment program. The PPIP program would create a public-private partnership to take up to \$1 trillion of troubled assets off bank books and unfreeze credit markets.

## Q-R

**rate parity** - A situation in which a travel supplier, such as a hotel, maintains the same price across all its various distribution channels.

**REIT** – Real Estate Investment Trust – an special type of corporate entity that invests in real estate (on

the debt or equity side); this type of company has special tax benefits (i.e. a lower tax rate), but has certain restrictions and is required to distribute 90% of its profits to shareholders

**real estate mortgage investment conduit** - A complex pool of mortgage securities created for the purpose of acquiring collateral. This base is then divided into varying classes of securities backed by mortgages with different maturities and coupons. As a synthetic investment vehicle, REMICs consist of a fixed pool of mortgages broken apart and marketed to investors as individual securities.

**real-estate owned** - Property owned by a lender, usually a bank, after an unsuccessful sale at a foreclosure auction. This is common because most of the properties up for sale at these auctions are worth less than the total amount owed to the bank. The minimum bid in most foreclosure auctions equal the outstanding loan amount, the accrued interest and any fees associated with the foreclosure sale.

If a property is real-estate owned, the bank will then go through the process of trying to sell the property on its own. It will try to remove some of the liens and other expenses on the hotel, and then try to sell it on the market. Real-estate investors will often go after these properties as banks aren't in the business of owning hotels and, in some cases, the hotels can be bought at a discount to its market value.

Lodging industry example: NAI Tampa Bay, a commercial real-estate company, presented 119-room, bank-owned REO foreclosure opportunity. The property in Clearwater, Florida, was vacated but had all equipment in place for a new owner to start operations on the day of closing.

**receivership** - A type of corporate bankruptcy in which a receiver is appointed by bankruptcy courts or creditors to run the company. The responsibility of the receiver is to recoup as much of the unpaid loans as possible. Being in receivership isn't an enviable situation for a company. Oftentimes, receivers find that the best way to pay back loans is to liquidate the company's assets, which effectively puts the company out of business.

*Hotel industry example:* In April 2009, Golden Tulip Hospitality Group said it was going into voluntary receivership and discussing a possible merger with Apollo Hotels & Resorts. The company had filed for suspension of payments as a form of protection from creditors, and an interim receiver would be appointed by a court.

**recourse** – a provision in a loan that allows the lender to seek compensation from the borrower when the property is in default; (i.e. if Marriott International owns a hotel that cannot pay its debt, Marriott International is obligated to pay the debt themselves); in such a case, the loan terms are often better than a non-recourse loan because there is less risk of the lender losing money on the loan.

**refinancing** – to pay off an existing loan with a new loan, ideally with better terms (e.g. lower interest rate, higher LTV, etc.); this may occur because the market has improved and the owner is able to obtain better loan terms or the asset gained value, allowing the owner to increase cash flow to investors and improve the overall IRR on the investment; or this may occur when the loan term of the current loan matures, forcing the owner to obtain a new loan; this is the problem that arose during the recent downturn: many loans matured at a point where values had declined and loan terms were difficult, resulting in numerous bankruptcies, foreclosures, and loan extensions/modifications.

**regions (U.S.)** - There are nine that divide the United States:

- New England (Maine, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island);
- Middle Atlantic (New York, Pennsylvania, New Jersey);
- South Atlantic (Maryland, Delaware, West Virginia, Virginia, North Carolina, South Carolina, Georgia, Florida);
- East North Central (Michigan, Wisconsin, Illinois, Indiana, Ohio);
- East South Central (Kentucky, Tennessee, Alabama, Mississippi);
- West North Central (Minnesota, North Dakota, South Dakota, Iowa, Nebraska, Missouri, Kansas);
- West South Central (Arkansas, Oklahoma, Texas, Louisiana);
- Mountain (Montana, Idaho, Wyoming, Colorado, Utah, Nevada, Arizona, New Mexico); and
- Pacific (Alaska, Washington, Oregon, California, Hawaii).

See World Regions

**return on capital employed (ROCE)** - A financial ratio that measures a company's profitability and the efficiency with which its capital is employed. It's calculated as: Earnings Before Interest and Tax (EBIT) divided by Capital Employed.

**return on investment (ROI)** – the percent gained (or lost) on an investment; = investment gain ÷ initial investment; for example, if you buy a hotel for \$10 million and sell it for \$12 million, the ROI is 20% (\$2 million gain ÷ \$10 million initial investment)

**RevPAR (revenue per available room)** - Revenue per available room (RevPAR) is the total guest room revenue divided by the total number of available rooms. RevPAR differs from ADR because RevPAR is affected by the amount of unoccupied available rooms, while ADR shows only the average rate of rooms actually sold.

Occupancy x ADR = RevPAR

**RevPAR (yield) index** - A RevPAR (yield) index measures a hotel's fair market share of their segment's (competitive set, market, submarket, etc.) revenue per available room. If a hotel is capturing its fair market share, the index will be 100; if capturing less than its fair market share, a hotel's index will be less than 100; and if capturing more than its fair market share, a hotel's index will be greater than 100.

RevPAR index is calculated:

$(\text{Hotel RevPAR} / \text{Segment RevPAR}) \times 100 = \text{RevPAR Index}$

Fair share can be thought of as the subject hotel's "piece of the pie" in the market. For example, if the subject hotel's RevPAR is \$50 and the RevPAR of its competitive set is \$50, the subject hotel's index would total 100. If the subject hotel's RevPAR totaled \$60, its index would be 120, which indicates that the subject hotel has captured more than its fair share. If the subject hotel's RevPAR totaled \$40, its index would be 80, which indicates that the subject hotel has captured less than its fair share.

**room revenue** - Total room revenue generated from the sale or rental of rooms.

**RRM - room revenue multiplier** – the ratio of value to room revenue; = value ÷ room revenue

**rooms available (room supply)** - The number of rooms in a hotel or set of hotels multiplied by the number of days in a specified time period.

Example: 100 available rooms in subject hotel x 31 days in the month = room supply of 3,100 for the month

**rooms sold (room demand)** - The number of rooms sold in a specified time period (excludes complimentary rooms).

**R.W. Baird/STR Hotel Stock Index** - The R. W. Baird/STR Hotel Stock Index was set to equal 1,000 on 1 January 2000 as its starting point. The index reached its peak of 3,178 on 5 July 2007. The index's lowest point occurred on 6 March 2009, when it dropped to 573.

The index is available exclusively on [www.hotelstockindex.com](http://www.hotelstockindex.com) and [www.HotelNewsNow.com](http://www.HotelNewsNow.com). The Baird/STR Hotel Stock Index is a cobranded index created by Robert W. Baird & Co. (Baird) and STR. The market-cap weighted index is comprised of 15 of the largest market-capitalization hotel companies publicly traded on a U.S. exchange and attempts to characterize the performance of hotel stocks. The index is maintained by Baird and is hosted on Hotel News Now. The index is not actively managed and a direct investment cannot be made in it.

As of 30 June 2014, the companies that comprised the Baird/STR Hotel Stock Index included: Choice Hotels International, DiamondRock Hospitality, Extended Stay America, Hilton Worldwide Holdings, Hospitality Properties Trust, Host Hotels & Resorts, Hyatt Hotels Corporation, InterContinental Hotels Group, LaSalle Hotel Properties, Marriott International, RLJ Lodging Trust, Ryman Hospitality Properties, Starwood Hotels & Resorts Worldwide, Sunstone Hotel Investors and Wyndham Worldwide.

## S

**sample** - The number of hotels and rooms from which data is received.

**securitization** - The process through which an issuer creates a financial instrument by combining other financial assets and then marketing different tiers of the repackaged instruments to investors. The process can encompass any type of financial asset and promotes liquidity in the marketplace.

Mortgage-backed securities are a perfect example of securitization. By combining mortgages into one large pool, the issuer can divide the large pool into smaller pieces based on each individual mortgage's inherent risk of default and then sell those smaller pieces to investors.

The process creates liquidity by enabling smaller investors to purchase shares in a larger asset pool. Using the mortgage-backed security example, individual retail investors are able to purchase portions of a mortgage as a type of bond. Without the securitization of mortgages, retail investors may not be able to afford to buy into a large pool of mortgages.

*Hotel industry example:* Wyndham Worldwide Corporation closed a term securitization transaction 13 March 2009 involving the issuance of \$46 million of investment grade asset-backed notes by Special Asset Facility 2009-A LLC, an indirect subsidiary of Wyndham Vacation Ownership.

**segmentation** - Rooms sold and revenue data broken down by source of business (transient, group, contract) and source of revenue (room, F&B, other).

**select-service hotel** - see definition for limited-service hotel

**serviced apartments** - A type of extended-stay accommodation that typically includes a suite with a full kitchen. Unlike extended-stay hotels, many serviced-apartment properties don't have amenities such as 24-hour front desks, free breakfasts, manager's cocktail hour, etc. Serviced apartments are more common in Europe and Asia than in North America.

**sharing economy** - Also known as the peer-to-peer economy, this is an Internet-based economic system in which consumers share their resources, typically with people they don't know, and typically in exchange for money. In the hotel industry, sharing economy websites such as Airbnb, HomeAway, VRBO, FlipKey and others allow residents of homes, apartments and condos (called hosts) to rent their accommodations on a short-term basis to visitors.

**size** - Based on physical guestroom count of the hotel.

**SMERF** - An acronym for the social, military, educational, religious and fraternal segment of the group travel market.

**soft brands** - Individualized hotels that give owners and operators the opportunity to affiliate with a major chain distribution while retaining their unique design, name and orientation.

**special servicer** - Companies that have specialized processes in place to deal with loans that require unusual attention, i.e., currently in or about to go into default. Special servicers can obtain the loans or just the servicing rights to loans. Often, the Pooling and Servicing Agreement between the investment pool trustee and the master servicer will define the conditions under which the servicing of a loan or pool of loans will be transferred.

*Hotel industry example:* For several months earlier this year, Sunstone Hotel Investors attempted to work with the W San Diego's CMBS special servicer to amend the terms of the mortgage to provide for a reduction in current interest payments. The special servicer declined Sunstone's proposed modifications, so Sunstone elected not to make the 1 June debt service payment on the hotel's mortgage. Sunstone doesn't expect further negotiation with the special servicer, and it's prepared to convey the hotel to the lender in lieu of repayment.

**stalking-horse bid** - An initial bid on a bankrupt company's assets from an interested buyer selected by the bankrupt company. From a pool of bidders, the bankrupt company chooses the stalking horse to make the first bid.

**stay-pattern management** - A revenue management process that seeks to make optimum use of the hotel's inventory capacity. This is done by studying the stay patterns over a period of time and offering rate differentials, minimum and maximum length of stay, etc.

**submarket** - A geographic area which is a subset of a market. A market is made up of one or more submarkets.

**submarket class** - This designation is similar to market class with the following exceptions: The luxury and upper-upscale classes are collapsed to form a single class. The upscale and midscale-with-F&B classes are collapsed to form a single class. The midscale-without-F&B and economy classes are collapsed to form a single class.

**subordinate** – refers to the fact that one entity’s position is inferior to another; for example, the mezzanine lender is subordinate to the primary lender, meaning that the primary lender is paid first and the mezz lender is paid next; thus, the mezz lender is in a riskier position if there is not enough NOI to pay them; the investor is paid last, and is in the riskiest position if NOI declines.

**syndicated loan** - A loan offered by a group of lenders who work together to provide funds for a single borrower. The borrower could be a corporation, a large project or a government. The loan may involve fixed amounts, a credit line, or a combination of the two. Interest rates can be fixed for the term of the loan or floating based on a benchmark rate such as the London Interbank Offered Rate.

Typically there’s a lead bank or underwriter of the loan, known as the arranger, agent or lead lender that may be putting up a proportionally bigger share of the loan or perform duties like dispersing cash flows amongst the other syndicate members and administrative tasks.

Also known as a syndicated bank facility. The main goal of syndicated lending is to spread the risk of a borrower default across multiple lenders (such as banks) or institutional investors like pensions funds and hedge funds. Because syndicated loans tend to be much larger than standard bank loans, the risk of even one borrower defaulting could cripple a single lender. Syndicated loans are also used in the leveraged buyout community to fund large corporate takeovers with primarily debt funding.

Syndicated loans can be made on a best effort basis, which means that if enough investors can’t be found, the amount the borrower receives will be lower than originally anticipated. These loans can also be split into dual tranches for banks (who fund standard revolvers or lines of credit) and institutional investors (who fund fixed-rate term loans).

*Hotel industry example:* In March 2009, MTN’s NTN.J Ivory Coast subsidiary secured a five-year loan facility worth US\$151 million from a syndicate of banks. The loan is being used to restructure the company’s debt and fund investments in the West African country.

## T

**Term Asset-Backed Securities Loan Facility** - A program created by the U.S. Federal Reserve in November 2008 to boost consumer spending to help jumpstart the economy. This is accomplished through the issuance of asset-backed securities. The collateral for these securities consists of student, personal auto and credit card loans. Backing for these loans comes from the (up to) US\$1 trillion provided by the New York Federal Reserve Bank. This program is in place until December 2009. Issuance of asset-backed securities continues only until that point. If, on that date, the government decides that the economic state hasn’t improved up to an appropriate level, benefits of the plan are to be reassessed.

**top 25 markets (U.S.)** - STR’s Top 25 Markets are generally the largest U.S. metro markets by number of rooms (inventory), but STR does apply geographic diversity to provide more rounded coverage for the whole industry. For example, STR adds Oahu, Hawaii, and excludes a few California and Texas markets

because those states are already well represented. STR also intentionally excludes Las Vegas, the largest hotel market based on number of rooms available, due to the gaming nature of the market and sample depth of the casino hotels.

**total revenue** - Revenue from all hotel operations, including rooms sold, F&B, parking, laundry, phone, miscellaneous, etc.

**transient rooms** - Include rooms occupied by those with reservations at rack, corporate, corporate negotiated, package, government, or foreign traveler rates. Also includes occupied rooms booked via third party web sites (exception: simultaneous bookings of 10 or more rooms which should be defined as group).

**TRevPAR** - Total revenue per available room. The sum total of net revenues from all operated departments plus rentals and other income per available room for the period divided by the total available rooms during the period.

**Troubled Asset Relief Program** - A government program created for the establishment and management of a Treasury fund to curb the ongoing financial crisis of 2007-2008. The TARP gives the U.S. Treasury purchasing power of \$700 billion to buy up mortgage backed securities from institutions throughout the country to create liquidity and unseize the money markets. The fund was created by a bill that was made law 3 October with the passage of H.R. 1424 enacting the Emergency Economic Stabilization Act of 2008. The Treasury was given \$250 billion immediately, and the President must certify additional funds as they're needed. The additional funds will be distributed as \$100 billion, and then as the final \$350 billion is given. Congress has the right to not approve the additional amounts.

In October of 2008, revisions to the program were announced by Treasury Secretary Henry Paulson and President George Bush, allowing for the first \$250 billion to be used to buy equity stakes in nine major U.S. banks and many smaller banks. This program demands that companies involved lose tax benefits and incur limits on executive compensation.

*Hotel industry example:* According to attorney Jim Butler, the TALF does not do anything directly to avoid or mitigate pain for hotel owners and lenders. In its present form, it applies only to certain newly originated and securitized consumer-oriented loans (such as auto loans, credit card loans, and the like). But everyone seems to believe that if the TALF is successful in creating liquidity for these ABS loans, it will be expanded to other commercial loans, which could include hotels.

**toxic assets** - An asset that becomes illiquid when its secondary market disappears. Toxic assets can't be sold because they're often guaranteed to lose money. The term "toxic asset" was coined in the financial crisis of 2008/09, in regard to mortgage-backed securities, collateralized debt obligations and credit default swaps, all of which couldn't be sold after they exposed their holders to massive losses.

*Hotel industry example:* In June 2009, an affiliate of private equity firm Starwood Capital Group filed for an initial public offering of as much as \$500 million to invest in toxic assets. Starwood Properties Trust, created in May, plans to invest in commercial mortgage-backed securities sold under the U.S. government's public-private investment program. The PPIP program would create a public-private partnership to take up to \$1 trillion of troubled assets off bank books and unfreeze credit markets.

**tranches** - A piece, portion or slice of a deal or structured financing. This portion is one of several related securities that are offered at the same time but have different risks, rewards and/or maturities.

Tranche is often used to describe a specific class of bonds within an offering wherein each tranche offers varying degrees of risk to the investor. For example, a CMO offering a partitioned MBS portfolio might have mortgages (tranches) that have one-year, two- year, five-year and 20-year maturities. It can also refer to segments that are offered domestically and internationally.

**two-pack hotels** - A property that combines two hotels that operate separately but share economies of scale deriving from the sharing of resources such as back-of-house operations. Usually such properties combine two brands from one hotel chain, but there are examples of one building containing two flags from different hotel companies. Commonly referred to in the United Kingdom as “dual-brand hotels.” There also exist examples of three-pack hotels, although this property type is less common.

## U-V

**underwater** - 1. The condition of a call option when its strike price is higher than the market price of the underlying stock.

2. The condition of a put option when its strike price is lower than the market price of the underlying stock.

Also known as out of the money, an underwater option would be worthless if it expired today.

**underwriter** - A company or entity that administers the public issuance and distribution of securities from a corporation or other issuing body. An underwriter works closely with the issuing body to determine the offering price of the securities, buys them from the issuer and sells them to investors via the underwriter's distribution network.

*Hotel industry example:* In 2004, Strategic Hotel Capital's initial public offering was to be underwritten by one of its major owners, Goldman Sachs & Co.

Underwriters generally receive underwriting fees from their issuing clients, but they also usually earn profits when selling the underwritten shares to investors. However, underwriters assume the responsibility of distributing a securities issue to the public. If they can't sell all of the securities at the specified offering price, they may be forced to sell the securities for less than they paid for them or retain the securities themselves.

**underwriting** – the process of evaluating an investment, including its potential value, risk, future cash flow, probable return, and ability to fund debt; performed by both investors and lenders.

## W-X-Y-Z

**world regions** – Follows the United Nations World Tourism Guidelines. There are four world regions which are divided into 15 sub-continents as follows:

- Americas (North America, South America, Central America, Caribbean);



- Asia Pacific (Central & South Asia, Northeastern Asia, Southeastern Asia, Australia & Oceania);
- Europe (Northern Europe, Southern Europe, Eastern Europe, Western Europe); and
- Middle East/Africa (Middle East, Northern Africa, Southern Africa)

**write-down** - Reducing the book value of an asset because it's overvalued compared to the market value. This is usually reflected in a company's income statement as an expense, reducing net income.

**zero-hour contract** - A type of United Kingdom employment contract where employees have no guaranteed hours of work but must agree to be potentially available, although they are not obliged to accept any employment. This type of contract increased during the past recession.

*Source: Hotel News Now research*



## SPA DEFINITIONS:

**DAY SPA** – This is usually a facility combined with a salon, but may also be a self-contained facility, where spa-type treatments / services can be given during the course of a day, and overnight accommodations isn't available.



**AMENITY SPA / RESORT SPA** – As the name implies, this is an added facility for the resort goer who enjoys the concept of a spa in combination with other non-spa activities.

**DESTINATION SPA** – All guests participate in a variety of exclusivity structured programs, combining nutrition, healing, meditation, exercising, pampering, etc. Guests, who stay at one of these facilities, usually do so for a minimum of three to four days; some of these facilities only offer weekly programs. Rejuvenation, relaxation and revitalization are the goals of any of these three forms of spas.

**Abhyanga** – Massage using warm oil to relax the muscles. Using long strokes along the muscles and small circular movements at joints. Helps in the removal of toxins. Also aids in improving the suppleness of the skin.

**Acupuncture** – The ancient oriental healing technique using fine needles inserted into specific pressure points to remove blockages and restore balance to the body's energy meridians.

**Aesclepiions** – A Greek center for healing and nurturing, named for its founder, Aescleopios, who was a revered healer and philosopher of pre-Trojan War Greece. These centers were the ancient version of our centers for wellness and holistics.

**Aerobics** – Exercise regimen which elevates the heart rate; increases blood circulation, strengthening heart and lung, and encouraging weight loss through the burning of fat.

**AHA Mask Treatment** – The AHA mask which is used to rejuvenated tired, sallow skin has an anti-wrinkle effect. IT will leave your skin feeling finer-textured and well moisturized. Alphahydroxy acids help to stimulate cell renewal; through the very gentle peeling effect of the 0.5% AHA solution.

**Alexander Technique** – It is a method of learning to change the habits and movements of our everyday activities. It is not a passive massage but an education process or self-help tool that teaches you how to use an appropriate amount of energy for particular activity.

**Algotherapy** – A form of thalassotherapy where thin layers of heated seaweed are applied to the skin; infra-red lamps are also used in the treatment to maintain the heat of the prepared seaweed. Treatment reduces pain and functions as an anti-inflammatory.

**Aloe-Vera Body Treatment** – Outstanding to fight sunburn or irritated skin.

**Anerobics** – Exercise regimen that does not support blood circulation or delivery of oxygen to the muscular system, such as weight lifting and / or body building.

**Aquaerobics / Acquacize** – Exercises done in water involving resistance, which helps to strengthen body and tone the muscle.

**Aromatherapy** – Twentieth century term which is based on the ancient practice of utilizing essential oils to heal by “therapeutically” stimulating the nasal/olfactory senses, mental responses, circulatory and respiratory functions.

A relaxmassage with essential oils incorporated into the massage oils. These essential oils are extracted from different parts of the plants, such as the leaves, bark, roots, flowers and seeds. They may act as stimulants, cleansing and antidepressive among other effects. Enjoy total relaxation and experience the power of essential oils combined with acupressure and massage. This technique combats stress and revitalizes and balances mind and body.

**Asanas** – Various Yoga postures.

**Aslan Therapy** – Developed in Romania, gerovital drug therapy believed to combat the aging process.

**Aveda Therapy** – Based on ancient Ayurvedic principles. Sensory testing is conducted to choose an aromatic key element to create an overall sense of well being and balance.

**Ayurveda** – It is a holistic treatment, originated from India. It stresses on prevention of a disease more than healing. It emphasizes detoxifying, cleansing, rejuvenating, revitalizing with the aim of harmonizing the body, soul and mind. It is a complete way of life that incorporates a balanced lifestyle, diet, yoga and meditation.

**Bach Flower Remedies** – 38 flower remedies, each one specifically devised to treat a different feeling. The remedies work by stimulating the body’s own capacity to heal. The remedies are matched to the personality of the individual in order to treat the underlying emotional state to help to manage the emotional demands of everyday life.

**Bad**- German for bath. Baden: German for “to bathe”.

**Balneotherapy (Europe)** – It is the art of bathing in thermal waters, particularly hot springs water which is known for its richness in minerals and trace elements. It aims to improve mobility, strengthen muscles, fortifies immune system. Trace elements when absorbed by the skin provide healing effects to the various organs and system.

**Basti** – Ayurvedic herbal purification treatment.

**Baths** – The use of temperature and different ingredients to clean, detoxify and nitrify the entire skin.

**Beauty Express Body Scrub** – The essential beauty treatment eliminates impurities and revitalizes your skin, leaving it as soft and smooth as a baby’s.

**Biofeedback** – Tracking method of physiological responses and behavioral reaction to various situational stimuli. Used as an attempt in understanding human behavior and developing programs of modification to restore well-being.

**Body Buff / Scrub** – Similar to a salt glow, but using smoother elements such as jojoba beads, crushed nuts, pumice or loofah as the exfoliant.

**Body Composition Analysis** – Any method (caliper, electro, etc.) used to determine the percentage ratio of body fat to lean muscle. Used as part of a weight reduction / exercise program.

**Body Treatment** – Lighten Up Pressotherapy Treatment (Heavy legs). A computerized pressure therapy that helps to lighten up the load on overworked legs and feet. Strongly recommended for circulation problems and water retention.

**Body Wraps** – Line Body Treatments. The difference is the tight wrapping of the client (using bandages or plastic-film), causing a “Sauna-Effect” which opens the pores and increases the effects. Your body is wrapped in algae or a gel rich in marine active ingredients, generally applied on a dry floatation bed in order to activate the assimilation of ingredients. You want to refine your silhouette or regain energy? You will find the body wrap that suits you for instant results. (Dangerous in combination with low blood pressure! May cause unconsciousness.)

**Bowen Technique** – A gentle and dynamic body therapy that seeks to empower the body’s own healing process. It comprises sequences of small gentle moves at specific sites in the body. It aims to release muscular tension and energy blocks. It is a powerful complementary, non-intrusive therapy which is used in aiding the body to heal itself, particularly aches and pains.

**Brightening** – This Phytomer treatment is rich in principal active ingredients that brighten the skin. The treatment begins with an intensive exfoliation with natural hyper-pigmentation reducing properties. Then the application of a specific cream that really does help reduce appearance of hyper-pigmentation with long lasting results. This treatment’s original concept lets you choose to treat entire face or concentrate on a specific area.

**Brush and Tone** – Exfoliating treatments involving the dry brushing of skin to remove dead cells and stimulate circulation, and then applying hydrating oils or moisturizing agents to soften the skin. The dry brushing technique may also be used as a preparatory step for other treatments such as a seaweed wrap or fango/parafango.

**Cathodermie** – Electric stimulation of skin, in low voltage doses, believed to stimulate circulation and remove impurities.

**Cell Therapy** – This therapy involves the injection of lamb embryonic cells; believed to regenerate cell growth and reverse the aging process. This therapy is not FDA approved and not “legally” available in the U.S.A.

**Cellulo-actif** – This treatment is a surprising combination of a detoxifying self-heating mud and a cool draining gel and is very efficient for a localized excess weight. Your skin is visibly more soft, beautiful, firmer and smoother. You begin the treatment with an invigorating hot mud and end

wit ha chilling fresh gel. The combination of these two treatments helps eliminating cellulite, and improves the shape of the legs and stomach.

**Chelation Therapy** – The chelation therapy cleans the circulatory system and organs from heavy metals, removes calcium from the vessels wall and increases the micro circulation.

**Chinese** – This is a deep muscle massage which focuses on the body's pressure points and energy lines in order to revive you physically and mentally. IT also helps soothe out aches and pains and improve joint mobility – rejuvenating you al lover.

**Chiropractic** – A form of physical therapy involving manipulation of the joints of the spine, which also houses the spinal cord, in order to relive pain and alleviate other pathological problems. It based it philosophy that restoration of the integrity of the spine directly, affects the musculoskeletal, nerve and vascular system, which in turn affects all other systems of the body.

**Circuit Training** – Exercise regiment using a series of weight training devices combining the resistance with aerobics.

**Cleopatra Bath** – A mixture of milk, oils and essential oils.

**Clinical Esthetician** – Skin care specialist who may work in a medical environment, but not necessarily wit ha physician, on the treatment of skin related ailments.

**Cleansing** – Your body is deeply cleaned and oxygenated with a marine scrub; your skin is luminous and regains softness to the touch. Followed by a relaxing moisturizing massage the treatments gives your body vitality and glow.

**Collagen Eye Treatment** – This treatment is used to soften and plump our lines around the eyes. Hydrates and relaxes the eye area and includes facial cleansing and toner application.

**Colonic** – Irrigation of the colon for the purpose of cleansing trapped debris, which is believed to recycle toxins back into the system.

**Complementary Medicine** – None-traditional forms of medical therapies used to treat a variety of illnesses / deficiencies; these include vitamins, herbs, aromatherapy, meditation, massage, etc.

**Craniosacral Therapy** – Massage therapy focusing on the head and neck. A gentle therapy focusing on connecting the base of the skull and the spin which releases trapped spinal fluid. Gentle traction on the scalp and spine to release tension and restore symmetry. Especially helpful for those who experience migraines, and TMJ.

**Cream-Based Treatments** – Smoothens and softens the skin. Nitrifying effects.

**Crenotherapy** – Any treatment incorporating mineral water, mud and vapor.

**Cryo-tonic leg Treatment** (Varicose & Heavy legs) – This treatment combines the calming effects of menthol whilst decongesting, reducing swelling and improving blood circulation.

**Dancercise** – Aerobic regimen utilizing dance steps of routines.

**Dead Sea Mud Treatment** – or fango. This type of fango is nutrient and mineral rich and known for its detoxification and exfoliation properties.

**Dosha** – Dosha is the body type or temperament of a person. By knowing the dosha and the current state of balance of the individual, it helps the therapist to customize the treatment and the selection of suitable essential oil to use. The three doshas are Vata for blood, circulation and healing; Pitta for heat and metabolism; and Kapha for the structure of one's spiritual and philosophical self.

**Dulse Scrub** – Exfoliating body treatment, which utilizes dulse seaweed powder, which has been rehydrated with either water or an essential oil. This treatment removes impurities and dead skin cells and re-mineralizes the skin.

**Duo Massage** – Synchronous massage treatment done by two therapists; done properly, the sense of touch isn't discernible four hands are performing the treatment.

**Effleurage** – Gentle, sweeping, relaxing stroke with varying levels of pressure. Generally used to prepare the body for massage as well as to soothe and relax the muscles.

**Electrify Experience** – This unique treatment works wonders in improving muscle tone, firming, toning, and getting rid of unwanted fat deposits and cellulite. The CORPO 2 uses a low or high frequency.

**Endermologie** – Developed in France, this massage therapy reduces the appearance of cellulite, while defining the figure; performed by an esthetician specifically trained in this therapy.

**Energetic Massage** – Meridian-oriented light massage, to eliminate energetic blockings and to clear-up the energetic metabolism.

**Essential Oils** – The aromatic (liquid) substance extracted from roots, bark, flowers, grasses, etc., which are then used as part of a cosmetic or "therapeutic" treatments, such as aromatherapy.

**Esthetician** – Skin care specialist who focuses on the treatment of skin as part of a beauty therapy such as a facial or the treatment and maintenance of "healthy" skin.

**Exfoliation** – The process of removal and sloughing of dead skin cells. This process also aids in improving circulation through stimulating blood flow. The pressure used to generate the process, further aids in relaxation and stress reduction.

**Exfoliating Body Scrub** – Deep cleansing, revitalizing body scrub to soften, refine and improve skin texture as well as to eliminate impurities and dead skin cells.

**Facial Massage** – Used by cosmetologists, often as part of the facial treatments. A facial includes cleaning, massage, a deep cleaning of the pores, a mask (during the mask, the therapist

may apply a massage to the hands or feet of the client) and a finish (like make-up or sun lotion). It provides amazing relaxation.

**Filmo Body Treatment** – This body mask helps to improve the blood and lymph circulation, while improving the skin's hydration and elasticity. Start with an exfoliation and light massage. Next, firming, toning or slimming ampoules are applied according to your requirements.

**Filmomask Visage** – An anti-stress and nourishing treatment on the skin. It diminishes dark circles and puffiness around the eyes.

**Firming Gel body Wrap** – Wrapped in seaweed algae, your body absorbs the rich nutrients that eliminate toxins, water retention and bloating. At the end of the session, your body will feel toned and firm.

**Flotation Tank** – A tank filled with enough salt water so a person can float in it; lights are either dimmed or turned off. The combination of a darkened room and the floating process is an aid to relaxation and stress reduction.

**Flower** – Use of flowers and their essential oils, to gain anti-stress and harmonizing effects. Most often it is a mixture between various oils and an emulgator, to spread the water into an emulsion. The use of oils without emulgator will cause an intensive inhalation-effect and, while moving into and out of the water, it will spread over the entire body. This results in a higher concentration for the used substances.

**Foot Reflexology** – A therapy that focuses on the reflex points in the feet. The Chinese believe that specific reflex points in the foot correspond to different internal organs. By applying finger pressures to these vital points, it helps to remove the blockages along zones and restores the smooth flow of chi. Excellent for those suffering from insomnia, headaches and lethargy.

**Golden Spoons** – A product utilizing twenty-three karat plated "spoons" used as part of a facial; one is hot (actually warm to the touch) and the other is cold. The facialist applies alternately each one to generate efficacious penetration of the creams and lotions, and also to open and close pores, stimulating circulation. Based on the Kneipp Treatment Principle of alternating hot/cold, cold/hot.

**Gommage** – Body treatment that cleanses and rehydrates utilizing various creams applied in long massage-like strokes.

**Hammam** (Turkey/Middle East) – An area that uses herbs, oils and scrubs in a steam environment to cleanse the body.

**Herbal Wrap** – This algae body wrap is a translucent, non-oily gel formula that offers many benefits, including re-mineralizing, detoxifying and the reducing of fatty deposits. Treatment lasts between twenty and thirty minutes. Stimulates circulation, detoxification and relaxation. (The treatment process elevates body temperatures and heart rates. Not recommended for those with heart conditions, high blood pressure or when pregnant)..

**The Spa Industry – Shows Incredible Growth**

The results from an in-depth survey just conducted for the International Spa Association by Price Waterhouse Coopers provides hard numbers to back up the incredible growth being reported by spa professionals.

According to the results, 10 million visits are made to spas annually worldwide, generating over \$8 billion in revenues. Spas generate more in revenue than ski resorts (\$5.1 billion) and only slightly less than theatre box office receipts \$10.5 billion).

Other key finds include:

- There are 6,500 spas in the United States. Of these 70% are day spas, 4% are mineral springs spas and 4% are cruise ship spas. In 1987, there were only 30 day spas in the U.S. In 2013 there are over 8,000.
- Spas in the U.S. employ about 250,000 people full time and 60,000 part time.
- Employment at spas doubled between 2008 and 2013.
- The number of spas worldwide has grown at an annual rate of 20% yearly in the last five years.
- Spa industry revenues surged 25% between 2008 and 2013.
- Spa visits worldwide have increased almost 75% between 2008 and 2013.

**Herbalism** – A health alternative to treating certain non-life threatening ailments with plants and plant essences. May also be referred to as “folk medicine”.

**Holistic Medicine / Health** – Has its roots in “herbalism”, but also incorporates other forms of non-traditional approaches/beliefs such as Eastern disciplines, meditation, etc. The relationship of one with all elements such as environmental, physical, spiritual, emotional, etc., and the balance between those elements.

**Hormo Mast Treatment Plus** – This treatment includes collagen eye treatment in addition to the Hormo Mask treatments.

**Hot Stone Therapy Massage** – Heated and cooled stones are applied to the body with gentle pressure. The stones are placed over different body parts as well as in the palms, allowing the heat to penetrate the tissues, causing the muscles to relax. IT quickly brings the client into a state of deep relaxation is ideal for reducing anxiety and restlessness. It alleviates tense muscles – those suffering from chronic discomfort will find this therapy beneficial. Comes from a practice of North-American Indians.

**Hydration** – An exceptional treatment that soothes and revitalizes dry dehydrated skin. IT is based on an innovative technique of compressed gauze that releases the highly moisturizing ingredients of pheohydrance. A bust and neck massage helps cellular regeneration and restores the skin’s vitality. For 85 minutes you are pampered in a delicious atmosphere where the utmost is done for your comfort and well being, your mind is completely relaxes, your skin is moisturized and revitalized. It regains new moisture.

**Hydrotherapy** – Uses the properties of water, temperatures and pressure in the heating process. It uses the mechanical and thermal effects to stimulate the body’s reactions to cold and hot stimuli. IT is used to improve blood circulation, improve immune system and elimination of



toxins. Example of hydrotherapy include steam bath, sauna, Scot Hose, thalassotherapy, Vichy shower, whirlpool, Jacuzzi, herbal bath, etc.

Another term of balneotherapy, or any treatments utilizing water as the primary facilitator. Type of water is generally fresh/spring, as opposed to seawater (thalassotherapy).

**Infant Massage** – An excellent massage therapy that helps parents bond with the newborn. The nurturing touches help in the physical and physiological development of the baby. IT relieves common discomfort, improves the baby's immune system, muscular, respiratory system. It helps mother to recover from post-natal depression.

**Inhalation Therapy** – Treatments involving the inhalation of steam vapor, which may have been treated with medicine or natural herbal / mineral substances; used for respiratory, pulmonary or sinus related ailments.

**International Massages (European)** – A medium pressure massage to release tension, eases aches and pains such as tension headaches, stiff shoulders or lower back pains, using effleurage movements and Swedish techniques.

**Intestinal Cleansing** – The intestinal cleansing helps the body to flush the impacted feces that have been inside the body for years and are responsible for its permanent intoxication by these waste materials.

**Ionization** – A form of thalassotherapy where seawater has been ionized with negative ions, sprayed and inhaled; aids the upper respiratory tract.

**Jin Shin-Jyutsu** – Holding of energy to balance the mind, body and spirit.

**Japanese Enzyme Bath** – Wooden tub filled with fibrous material (such as wood chips) and plant enzymes, which naturally ferment creating a heated substance. Person is submerged in the mixture and allowed sweating out toxins; aids in the relaxation process, improves circulation and metabolism. Treatment time generally doesn't exceed one hour.

**Japanese Facial** – Energizing technique used to stimulate acupressure points through the lifting and toning of the face and scalp; believed to have a cumulative effect when used on a regular basis for firming the skin and preventing aging.

**Jet Blitz (France / Greece / Europe)** – A stimulating water massage, using a type of fireman's hose that emits pressurized water.

**Jetlag Massage** – Another name for Relaxmassage.

**Kinesitherapy** – Also referred to as physiotherapy, this treatment involves the active or passive movement of various parts of the body, and aids in the circulatory and strengthening of the body.

**Kneipp Baths** – Developed by Father Sebastian Kneipp. Herbal/mineral baths used as part of a regimented therapy of healing; used in combination with nutritional and exercise disciplines. Hot and cold therapy is a key component of this form of therapy (water, stones, pebbles, etc.).

**Kur** – German for “cure”. Spa-going, especially in European countries, has always been for therapeutic and recuperative reasons; hence, to go to a spa, was to take the waters, or to take the “kur”.

**La Stone Therapy** – Using hot volcanic oil stones to relieve stiffness and restore energy to the body.

**Laconium** – Similar to sauna using dry heat.

**Life Cell Therapy** – The life cell therapy aim is to rejuvenate the body by giving the essential element of different organ, the material imported from Germany.

**Liver Cleansing** – The liver detoxification aim is to clean this organ from impacted materials in it. This will consequently improve the general well being and help to remove the different stresses on this organ related to our chronic intoxication by insecticides, pesticides and from heavy metals of this polluted world.

The lymphatic drainage helps in re-stabilizing the circulation of this important circulatory system that decreases as we get older.

**Lomi Lomi (Polynesian)** – A gentle, deep massage using long, board strikes and rocking motion. Can be vigorous as the therapist uses forearms and hands.

**Lomi Lomi Massage (Hawaiian)** – A form of massages using rhythmic and rocking movements. Lomi Lomi uses the palms, elbows, fists and forearms during the massage. The massage technique releases congestion in the body and improves flexibility through the soothing dance-like movement.

**Loofah Scrub** – Body treatment utilizing the dead loofah plan as a friction implement to massage and exfoliate dead skin cells. Also improves circulation and relaxation.

**Lymph Drainage (Europe)** – A massage treatment, which stimulates circulation, reduces edema water retentions and frees up stored toxins, encouraging them to “flow” out of the body. Treatment is done either through manual massage, or as part of a hydrotherapy massage. Not a classic massage, but a soft and crossing-out treatment, supporting the fluid retention of the lymphatic systems. With medical education also used for example, to fight cancer-caused problems. It helps the lymphatic system to get rid of unwanted toxins and clear blockages.

**Manicure** – Get the nails in shape and a contribution to excellent style.

**Maternity** – Specially designed for relaxation and to give relief to expecting mothers.

**Marine Hydrotherapy** – A form of thalassotherapy bath/shower. Where water jets propel the seawater; massages, stimulates and reduces pain/inflammation.

**Marma Massage (India)** – A type of massage where strokes work on the body’s energy channels to release blockages.

**Medical Esthetician** – Skin care specialist who works in a medical environment along with a physician in either a pre-operative or post-operative situation.

**Meditation** – Any form of focusing on a specific thought, memory, breathing, etc., which encourages one to relax and achieve a greater sense of inner-self; to connect and balance the internal with the external-self.

The meditation sitting session helps in opening the body mind connection and relieves the different stresses, and an excellent anti-fatigue, decongestant that rejuvenates your expression and restores its sparkle. Ideally complements other treatments.

**Moisturizing Skin** – Moisturizing is your skin's guarantee to beauty. This intensive treatment is based on a mask containing highly moisturizing ingredients associated with a relaxing facial massage. Your skin is moisturized and smooth your face glows with vitality.

**Moor Peat Bath** – Organic material, nutrient rich used to alleviate stiffness and pain in localized areas.

**Morphology** – Attributed to Hippocrates, this specialized form of massage targets specific digestive areas; massage is done in combination with essential oils; this massage therapy requires specialized training and may be barred from practice in some states. The therapy is used to improve digestion and eliminate waste from the colon tract.

**Mud Body Treatment** – Excellent preparation for massages and against inflammations, like rheumatic diseases (Needs medical clearance).

**Naturopathy** – The discipline of natural medicine and healing through the power of nature and all natural substances.

**Neuromuscular Therapy** – Deep Massage used to locate spasms and hypercontraction in tissues. Eliminates trigger points that can cause stress, restores posture alignment, rebuilds injured tissues, increases flexibility and blood flow.

**NIA** – Non-impact aerobics; beneficial, yet not as rigorous as traditional aerobic exercise regimens.

**Oleation** – Ayurvedic adapted treatment using friction massage of blended essential oils (similar to an aromatherapy massage).

**Onsen** – A Japanese natural mineral thermal spring.

**Oxygen Facial** – Oxygen and other nutrients applied topically or sprayed onto the face to stimulate and reinforce the collagen level of skin; an aid to preventing aging. A luxurious re-moisturizing, relaxing and revitalizing skin treatment for face and neck. The combination of enzymes and AHA helps restore a luminous and radiant complexion.

**Panchakarma** – Ayurvedic cleansing and purification treatments using essential oils, massage and meditation techniques.

**Parafango** – The combination of paraffin and fango (mud). Used to detoxify, heat and exfoliate.

**Paraffin** – Heated/melted wax that has been infused with hydrating/emollient substances, menthol, etc. Used to ease pain and/or rehydrate.

**Parcours** – Outdoor exercise trail, usually less than two miles, with interspersed exercise stations.

**Pedicure** – Medical: To avoid inflammations and to be in average of upcoming diseases. Beauty: Pretty relaxing, but not everybody's darling, because the feet are part of the sexual taboo. Manicure and pedicure are often combined with a Paraffin-Treatment in advance, which causes the "Mini-Sauna-Effect" and results in a soft and smooth skin, like in shiny nails.

**Percussion** – Brisk, invigorating and stimulating strokes in rapid movements. Examples of percussion are hackling, pounding, beating, cupping and tapotement.

**Petrissage** – Kneading and rubbing movements to manipulate tissues and muscles to break down tension. It stretches the muscles improving suppleness and elasticity. Break down tension and stiffness in tissues and large muscles.

**Phoenicia wrap** – A treatment that improves circulation, helps eliminate fluid retention and cellulite. The seaweed based wrap will revitalize and energize you.

**Polarity Massage** – A technique of gently rocking, holding and massaging to stimulate relaxation, restore energy flow and encourage revitalization.

**Power Jet Shower** – Designated to stimulate and eliminate tension and stress with powerful jets of water directed at focal points of your body.

**Purification** – A self-heating mask that detoxifies and rebalances the oily skin, combined with the anti-shine effect of a purifying cream mask to diminish shine and instantly correct skin problems. Your complexion regains its luminosity.

**Radon Therapy** – An inert gas used in many European spas as part of a treatment process believed to stimulate organ functions and promote improved secretions of the glands, without any harmful effects or radiation.

**Rasul** (*Middle East/Turkey*) – Using mud on the body, this mud hut bakes the mud on for 40 minutes and fresh water from the ceiling sprinkles it off.

**Reflexology** – This treatment works on ancient Chinese beliefs of using the body's meridians, every part of your body is represented through the feet. Reflexology can perform a variety of tasks depending on your individual needs. It stimulates the organs, gets rid of toxins, eases aches and pains in addition to increasing circulation and generally improves and tones the body.

**Regeneration** – By employing the anti-free radical virtues of Marine spring water, this treatment provides comfort and suppleness to mature skin. A relaxing facial massage prepares the skin for

plastifying mask. It tones, lifts and regenerates and helps the epidermis fight the effects of premature aging.

**Reiki** – A subtle therapy involving the “laying of hands” in order to channel universal energy through the therapist to the recipient for healing to take place. Massage technique uses subtle stationary hand positions on points of tension or injury; the therapists hands are usually fully extended, and palms applied to the affected area. Causes energetic restoration and relaxation.

**Relaxmassage** – Like the name suggests, it is a relaxing massage, using slow motions and low pressure.

**Remedial** – Remedial massage is the answer to modern lifestyles. By combining physiotherapy and massage techniques on your muscles, you can release the negative effects of overwork or exercise to invigorate and energize yourself. Wonderful for anyone with backache, you can choose a 45-minute back and shoulderblades massage or go for the one-hour treatment which includes the 45-minute back treatment plus an overall body massage.

**Rolfing** – A series of deep tissue massages, which aim to re-establish the natural alignment and structural integration of the body. Consists of 10 sessions. Treatments are progressive with each session build on the previous one. Its aim is to aligning the body through loosening and freeing the shortened fascia therefore allowing the muscles to return to a balanced state.

**Roman Bath** – Ancient Romans had numerous baths that were used alternatively; hot, warm and cold. The varying temperatures aided in stimulating the circulatory system.

**Royal Thai Massage (Thailand)** – Similar to above, only the therapist does not use their feet to perform any of the movements. Friction – Rubbing by compressing tissues against bone, usually use on small area or specific areas of tightness.

**Salt Glow** – A hydrating and exfoliating treatment where small amounts of oil and coarse salt are applied to dampened skin in circular or elongated strokes. Also aids in circulation.

**Sauna** – A Finnish treatment of dry heat, in a wooden structure; the heat forces sweating and the elimination of toxins; open pores. A cold shower usually follows to close the opened pores and to stop the sweating process.

**Scotch Hose / Swiss Shower** – A water therapy treatment combining the use of stationary water jets (12 to 16) which are aimed at pressure areas of the skin; the water alternates between hot/cold, while an attendant also uses a hose targeted at specific pressure points; water temperature of attendant’s hose fluctuates between hot and cold. Stimulates circulation and relieves tension. Both treatments can be used/applied separately.

**Shiatsu** – A form of physical therapy where finger pressure is applied to specific acupressure points along energy pathways of the body to facilitate the smooth flow of “chi” through the body. Feeling in need of an all-over pick-me-up? This non-oil, ancient Japanese treatment combines acupressure with various stretching techniques to improve good health and overall vitality. By working along the meridian lines of the body, Shiatsu helps you walk away with improved feeling of well-being and a positive mindset.

**Shirodara (India)** – A traditional Ayurvedic therapy. A deep relaxing massage that balances the body and uses sesame seed oil poured slowly on the center of the forehead, to release tension as well as treating the Marma points (energy points).

Excellent for those suffering from sleeplessness, anxiety, depression and migraine.

**Siddha Vaidya** – Ayurvedic massage treatment where a pouch of blended herbs is dipped in essential oils and massaged over the body.

**Spinning** – Stationary bicycle exercise regime guided with an instructor; often combines a video projected image to give one the impression that they are cycling on a terrain of some sort.

**Sports Massage** – Technique of using quick and vigorous strokes, such as deep tissue, on localized body parts where a specific activity may have caused exertion and muscle tightness. Combines classical Swedish-style massage, with compression, neuro-muscular and trigger point techniques to reduce soreness. Excellent when preparing for sports activities or after strenuous workout. A warming menthol oil is used.

**Steam Room** – Area of wet, hot steam; promotes sweating, opening pores and ridding of toxins.

**Step Aerobics** – Fitness regimen of aerobic exercise in combination with a step platform three or more inches high.

**Stone** – Smooth, rounded, heated stones used as a massage medium for relaxation.

**Swedish Massage** – Massage technique employing the gentle but firm manipulation of pressure points and muscles; skin is lubricated with either a single or blended oil to promote friction and ease of manipulation of the skin.

A firm and invigorating, or gentle and sooth, way to break down toxins, release tension from muscle areas, ease muscular aches and create a sense of well-being.

(Comparative to the Therapeutical Massage, without medical education.)

**Swiss Shower** – Refer to Scotch Hose/Swiss Shower.

**Tai Chi** – Chinese martial art discipline employing deliberate/relaxed breathing and mental focus, in combination with slow sustained physical movements.

**Therapies** – In the context of a spa setting and/or environment, a set of prescribed processes designed to generate well being, a healing, relaxation, behavior medication, etc., which may affect a variety of internal/external ailments or conditions.

Specifically: PHYTO – plant; THERMAL – heat (including natural mineral springs), wet and massage/manipulation; BALNEO – water (collective adaptations/types); THALASSO – sea water and marine by-products; RADON – inert gas; and AROMA – essential oils. MASSO/PRESSO – manipulation of pressure points; PHYSIO – any of the masso/presso, thermal and mechanical adaptations.

**Scalp Treatment** – A gloriously relaxing yet invigorating experience. Let your therapist iron out the stress and strains of life as she massages the scalp – one of the main holding sites of tension in the body.

**Scrub and Polish Massage** – Enjoy an exfoliating body scrub to remove dead skin and leave the skin prepared to absorb the nourishing oils used for your massage. You will then be polished with exotic oils, to help relax and revitalize both the skin and mind.

**Seaweed** – As part of the trendy Thalassotherapy, detoxifying and nourishing (strong smell!)

**Seaweed and Body Mask** – After an exfoliation, your skin is ready to absorb the cocktail of trace elements and minerals contained in the 100% seaweed mask. Your skin is stimulated and revitalized and recovers its fresh, bright complexion. A wonderful boost for tired, heavy legs.

**Sliming Treatments** – Usage of thermal-active creams, lotions or gels to increase the skin's blood circulation and the decrease of fat-cells as result of the better metabolism.

**Sea Bliss Slimming Seaweed Wrap** – This blissful seaweed wrap draws out impurities and helps to contour your body in addition to eliminating cellulite and toxins.

**Swedhana** – A steam bath used to help perspiration and aid the body elimination of toxins. Sometimes specifically selected herbal oil is used to suit each individual's body type.

**Synchronized Indonesian Massage** – Two therapists in synchronized strokes for body massage.

**Tamazcal (Mayan)** – A traditional sweat lodge using heat to relax the body and open the pores. It is a sauna/steam treatment used for toxic elimination.

**Tandem** – Massage performed by two therapists at once.

**Thai Massage** – For anyone with tight muscles and joints, Thai massage increases flexibility and releases all that muscle tension by concentrating on pressure points as well as rotating and flexing the joints.

Using secrets developed over centuries of energy healing, Thai massage is very firm and is performed without oils. Can be vigorous.

**Thalassotherapy** – Usually carried out on coastal site, under the supervision of a therapist. Thalassotherapy combines the therapeutic benefits of naturally existing substances such as the climate, seaweed or algae, mud and other minerals present in the sea to help relieve imbalances caused by modern lifestyle. It helps improve circulation and metabolism, and reduce stress. Also, any treatment employing the utilization of sea water and marine by-products, which are mineral and nutrient rich, and which have curative or restorative property, benefiting the internal and external. From the Greek "thalassa", or sea.

**Therapeutical Massage** – is used to fight local high tensile areas usually at the back or the shoulders/neck. Requires a medical education.

**Trager Massage** – Technique of gentle rhythmic rocking movements to induce relaxation and relieve tension.

**Tuina (China)** – A vigorous traditional Chinese massage treatment that pummels, pounds and rolls the body while working on the energy channels.

**Ultimate Detoxifying Seaweed Body Wrap** – An intensive body treatment combining the therapeutic benefits of a hydrotherapy bath with the relaxing effects of a seaweed wrap.

**Ultimate Roman Bath** – A superb treatment that incorporates specific slimming essential oils, seaweed, and Oligomer therapy in a bath, to help reduce cellulite and stimulate blood circulation, followed by a parathermic body mask to reduce water retention and last but not least, a soothing, all-over body massage.

**Ultra Sound** – A therapy using sound waves emitted from a frequency-generating device. The device may also have the capability of utilizing heat as part of the therapy. Often employed by physical therapists to alleviate pain and discomfort to injured areas of the body.

**Underwater Massage** – Medical use of water-pressure to relief muscular tension eliminating the gravity through the bath.

**Vibrations** – To make muscles tremble and shake to loosen tightness and release tension.

**Vichy Shower** – Multi-jet mechanism suspended over a wettable used as part of various treatments such seaweed wrap, dulse scrub, fango, gommage, etc.  
Limitation of a tropical rain-shower from above and application of a soft and exfoliating massage. Helps to relax and stimulate circulation.

**Vitam C Mask Treatment** – This mask treatment will help protect the face from the harmful and aging effects of free radicals – from pollution – helping skin appear more radiant and supple.

**Watsu Massage (Europe)** – A Shiatsu massage performed in a warm pool where a therapist holds and moves the limbs.

A treatment combining the benefits of water tank floatation and the rhythmic and methodical stretching of limbs. Aids in flexibility and relaxation.

**Wai Croo (Thailand)** – The spiritual dimension (meditation) of Thai boxing engaging the mind and physical movements.

**Waxing** – Hair removal treatment using cold or hot wax.

**Whirlpool** – A heated pool which also has high pressured jets that circulate the water, targeting the body; aids in reducing stiff joints and aching muscles; very relaxing.

**Wraps** – The body is wrapped in a purifying elements such as clay, seaweed, or pre-treated herbal towels to draw out the impurities, relax muscles and detoxify the skin.  
Steam and moisturizers may also be applied. There are many varieties of wraps, so contact the spa for more information and the menu of services



**Yoga** – Eastern discipline using various positions/postures (asana), controlled breathing, focused/centred concentration in combination with various physical movements designed to improve circulation, flexibility, and strength. Also a philosophical approach to balancing ones internal and external self.

