

# Le Louvre

HOTEL & SPA - ANTANANARIVO



Fund	Adenia Capital
Status	Current
Industry	Hospitality
Country	Madagascar
# Staff	80

Built in 1931, Le Louvre is one of the most iconic buildings in Antananarivo, the capital city of Madagascar. With its unique Eiffel architectural style, it enjoys a prime location in the heart of the financial and commercial district of the capital, surrounded by government ministries and the headquarters of several banks.

In 1998, the owners decided to build into the upper floors of this building a 60-room hotel and operate it through a management contract with Accor group under the IBIS brand. The agreement ended in 2002 and the IBIS Hotel became Grand Hôtel du Louvre.

### A SOLID BASIS TO BE IMPROVED

In March 2006, Adenia acquired both the hospitality management company and the real estate company which

owns the land and the building in a transaction regarded as the first leveraged buy-out completed in Madagascar.

In 2006, the Louvre was a medium-sized 2-star hotel with a solid corporate clientele. The occupancy rate was 78%, however the average room rate was relatively low compared to the prices on the market. In addition, at the time of Adenia's investment, the building housed a private apartment on the 4th floor and a Shoprite supermarket on the basement, the ground floor and the first floor.

### COUNTERCYCLE INVESTMENTS TO UPGRADE AND INCREASE CAPACITY

As a first improvement, Le Louvre management and Adenia decided to transform the private apartment into 6 additional superior rooms. Then, in 2008, the rental agreement with Shoprite was terminated. The hotel took over the space, investing €2.7m to finance the extension and upgrade. In total, accommodation capacity was increased to 78 rooms, dining capacity increased from 45 to 120 seats, and larger conference rooms were added. The hotel

also seized the opportunity to build a spa & fitness center with a sizable indoor pool and create a bigger and more suitable lobby. The managing director closely worked with an interior designer to magnify the structure and turn it into a charming boutique hotel. The renovation project lasted 18 months and was quite challenging as hotel operations did not stop during the construction phase.

When the expanded Le Louvre debuted in 2010, the organization was reshuffled: 23 new staff were recruited, including a new chef and two middle managers to support the new structure. All these investments were engaged when a coup in Madagascar ousted President Ravalomanana in 2009, which was then followed by several years of high uncertainty. The long-lasting political crisis had a substantial impact on the hospitality industry. Occupancy rates sharply declined and competition on prices became stiff. In that fierce environment, with its differentiated offer, Le Louvre was able to maintain a better-than-market room rate, especially in the 3 to 4-star hotel category.

### REWARDING ENVIRONMENT & SOCIAL INITIATIVES

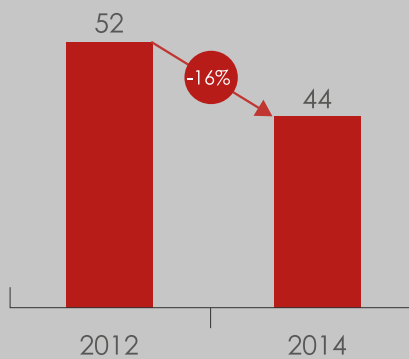
In 2011, Le Louvre formed a management and staff committee to meet every two months in order to improve the hotel's Environment & Social performance. At the beginning, the forum was a channel to ensure that the hotel's existing E&S policies were correctly implemented. For example, an employee handbook was distributed to the entire staff. From this committee, fire safety and safeguard procedures were implemented and the restaurant and kitchen employees were trained on the hotel's hygiene standards.

Building on its first successes, the committee turned its effort to

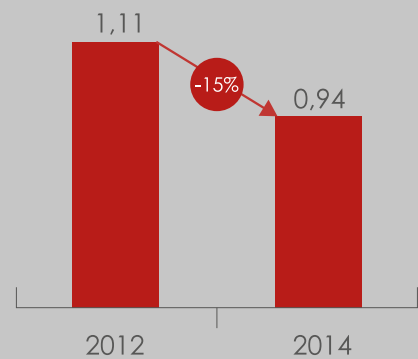
reducing of energy and water consumption. Raising employees' awareness on electricity and water wastage, combined with various building investments (such as water and electricity sub-meters to monitor resource consumption and efficient light bulbs), led to outstanding results after only 2 years.

With significant upgrades to its building, additional amenities, and improved staff training and engagement, Le Louvre moved from a 2-star to a 4-star accommodation, and became a flagship business hotel in Antananarivo.

Electricity consumption (kwh/guest per night)



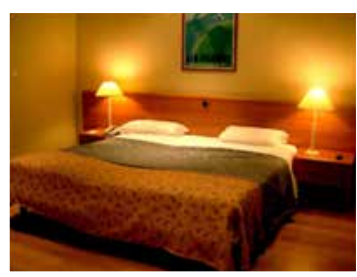
Water consumption (m3/guest per night)



### BEFORE



Building



Room

### AFTER



Building



Room