

## Hyatt Hotel Construction

### Project Summary

|                                      |   |
|--------------------------------------|---|
| <b>Subsector</b>                     | Construction  |
| <b>Location</b>                      | Kabul, Afghanistan                                      |
| <b>Project Cost</b>                  | \$39.0 Million  |
| <b>Project Type</b>                  | Hotel Construction                                      |
| <b>Project Executing Firm/Agency</b> | Tepe Insaat and Afghan Reconstruction Company LLC (ARC) |
| <b>Funding Agency</b>                | Overseas Private Investment Corporation (OPIC)          |



Afghan Minister of Foreign Affairs Abdullah Abdullah shakes hands with OPIC President and CEO Dr. Peter Watson after signing agreement for a hotel project in Kabul.



## Project Outline

On February 27, 2003, the Overseas Private Investment Corporation (OPIC) and the Government of Afghanistan concluded a memorandum of understanding pledging their mutual support for the construction of a 5-star international hotel in Kabul, managed by Hyatt International. OPIC President and CEO Dr. Peter Watson and Afghan Minister of Foreign Affairs Abdullah Abdullah signed the memorandum in a ceremony at Blair House. OPIC anticipates providing up to \$35 million in financing and political risk insurance to the project. "This project, the latest instance of OPIC support for frontline states in the international war against terrorism, will help Afghanistan begin its reconstruction by directly meeting a market need and improving the climate for foreign direct investment," Dr. Watson said. "We are honored by the opportunity to work with Minister Abdullah and a leading hotelier such as Hyatt International to make this important start down Afghanistan's road to recovery."

The 200-room deluxe hotel, to be called the Hyatt Regency Kabul, will be located in the heart of Kabul's business, government, and diplomatic district, and will offer a full range of meeting facilities, as well as a communications and business center, restaurant, and

recreation facilities. Hyatt International Corporation will serve as the hotel operator. Hyatt will provide technical services during the design and construction of the hotel, training and recruitment of the hotel staff prior to the hotel opening, and will manage the hotel after its opening. The project will result in the training and employment of about 300 Afghans.

The project will also engage the services of three leading Turkish construction companies—Tepe Group, Yuksel, and Limak—as well as the Afghanistan Reconstruction Company, an Afghan-American company committed to assisting in rebuilding Afghanistan's physical infrastructure and reviving Afghan business and commercial institutions.

Mr. Marc W. Ellin, Vice President and Managing Director of Hyatt Hotels Corporation, and Mr. Ali Kantur, Chairman of Tepe Group, also signed the memorandum.

The project represents significant progress toward fulfilling President Bush's January 2002 announcement that OPIC would establish a \$50 million line of credit to promote private sector investment in Afghanistan. OPIC was established as an agency of the U.S. government in 1971. It helps U.S. businesses invest overseas, fosters economic development in new and emerging markets, complements the private sector in managing risks associated with foreign direct investment, and supports U.S. foreign policy.

## **Technical Description**

This hotel building will accommodate the following facilities:

- Lobby, café, bar, and administrative facilities
- 150-seat restaurant
- Deluxe single and double rooms
- Sports center including dressing rooms, showers, sauna, and swimming pool
- Boiler room
- Security building

Infrastructure works include:

- Electrical wiring
- Sewage and wastewater system
- Gas pipes
- Plastic water pipes
- Centralized heating and hot water
- Water reservoir with 5-day water reserve
- Power generator
- Fire protection system
- Security system, perimeter walls, gates, and guard houses
- Communication systems

## **Project Site**

The hotel will be built in Wazir Akbar Khan, Kabul, across from the U.S. embassy and close to International Security Assistance Fund headquarters.

## **Project Status/Timeline**

The construction phase will begin in the second half of 2003 and take approximately 18 months to complete.

## **Equipment and Services**

The consortium is especially interested in purchasing and importing required hotel interior furnishings, fixtures, equipment, and security installations, which will likely include the following:

- Headboards and mattress sets
- Nightstands and armoires
- Chairs and sofas
- Desks and tables
- Audio visual equipment
- Refrigerators, stoves, and other appliances
- Mirrors and art
- Lamps and lighting fixtures
- Elevators
- Security systems (cameras, alarms, electronic and metal detectors, etc.)
- Gates and perimeter walls
- Curtain rails
- Balustrading
- Wine racks
- Fireplaces
- Plumbing
- Heating and ventilation
- Automated climate control system
- Computers and hospitality sector-specific software (electronic booking and reservation systems)
- Gym equipment (weightlifting machines, etc.)
- Swimming pool design and equipment

## **U.S. Competitiveness**

Although there is a strong competition from many Turkish construction companies, U.S. companies can outbid their competition by providing a combination of high quality products, services, and equipment at competitive prices.

## Project Financing

OPIC anticipates providing up to \$35 million in financing and political risk insurance for the project. The remainder of the financing will be provided by private investors.

## Conclusion

A Hyatt Hotel in Kabul is expected to be very successful. The developers have expressed their desire to have U.S. firms provide security equipment, furnishing, and fixtures.

## Key Decision Makers

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| <b>Organization or Company Name</b> | Afghanistan Reconstruction Company, LLC (ARC)        |
| <b>Contact Person</b>               | Mr. Zaher Yaqubie                                    |
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| <b>Organization or Company Name</b> | Tepe Insaat   |
| <b>Contact Person</b>               | Mr. Buelent Oenen   |
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| <b>Organization or Company Name</b> | Ministry of Civil Aviation and Tourism                     |
| <b>Contact Person</b>               | Eng. Raz Mohd. Alami                                       |
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