



INSIDE STORY – DECEMBER – THE NETHERLANDS

Amrâth Hotel Group takes over bankrupt Kurhaus Hotel The Hague

One of Netherlands' most iconic hotels, the Kurhaus Hotel The Hague, declared bankrupt last October, has been sold by receiver in bankruptcy Marc Udink (*Udink & De Jong Advocaten*) to Dutch hotel group Amrâth. Amrâth bought both the monumental building and the commercial operation of the 130 years old seaside Hotel. The business operation of the hotel was taken over by Amrâth within days after the commercial partnership formerly operating the Kurhaus Hotel (*Exploitatie Maatschappij Hotel Kurhaus V.O.F.*) was declared bankrupt. Amrâth Hotel Group changed the name of the Hotel to Grand Hotel Amrâth Kurhaus.

History

The Kurhaus Hotel building dates from the end of the nineteenth century. First built in 1884 it burned down a year later and was completely re-built in 1887. In 1970 the then severely neglected hotel nearly was demolished by the municipality only to be saved by The Hague and Scheveningen communities demanding the iconic hotel to be renovated. The hotel was renovated and in the mid-seventies designated a listed building. In the years following the renovation the ownership of the building changed hands several times most recently in 2004, when it was bought by the now bankrupt private limited company (*Gevers Deynootplein Monumenten B.V.*).

Since the renovation, which was concluded in 1979, the German Steigenberger Hotel Group has been responsible for the day-to-day business operation of the hotel during which time the hotel was known as the Steigenberger Kurhaus Hotel.

Financial Difficulties

The Kurhaus Hotel has been in financial difficulties for some time. The now bankrupt company responsible for the commercial operation of the hotel (*Exploitatie Maatschappij Hotel Kurhaus V.O.F.*) and the owner of the building (*Gevers Deynootplein Monumenten B.V.*) had been looking to sell since early 2013.

The commercial partnership operating the Kurhaus could no longer comply with its financial obligations. The commercial partnership had not paid rent for the Kurhaus building since the end of 2012. The rent arrears run in the millions.

The private limited company that owned the building saw the value of its real estate plummet in recent years. After having bought the monumental building in 2004 for approx. €46 million, the estimated value subsequently increased to approx. €63 million. In 2013, however, the estimated value of the Kurhaus decreased to approx. €24 million.

The company actually operating the hotel, Steigerberger Hotel Group, attracted negative publicity recently. It was said Steigenberger management underpaid and mistreated the Kurhaus staff. Steigerberger management attributed possible shortcomings to the financial strain the company was under.

The fact the ownership of the building (*Gevers Deynootplein Monumenten B.V.*), the commercial operation (*Exploitatie Maatschappij Hotel Kurhaus V.O.F.*) and the day-to-day business operation (*Steigerberger Hotel group*) were divided over three parties with differing interests led to inflexibility which of course did not help.

Moratorium and Bankruptcy

The commercial partnership (*Exploitatie Maatschappij Hotel Kurhaus V.O.F.*) operating the five star Kurhaus Hotel The Hague was granted a moratorium by the District Court of The Hague on October 20th. The court appointed Marc Udink as administrator.

The commercial partnership was declared bankrupt by the District Court of The Hague four days later on October 24th. Another four days later on October the 28th the private limited company that owned the building (*Gevers Deynootplein Monumenten B.V.*) was declared bankrupt by the District Court of Amsterdam (Amsterdam being the city where the company had its registered office). In both instances the courts appointed Marc Udink receiver in bankruptcy.

Package deal

In 2013 a commercial real estate broker was contacted and the hotel was offered for sale. About a hundred parties expressed interest in buying the iconic building since, amongst which Amrâth Hotel group. After the commercial partnership operating the hotel was granted a moratorium, administrator Marc Udink assessed the remaining parties then on the short list. Amrâth Hotel Group had continuously been a serious contender. During the week long moratorium administrator Marc Udink concluded a package deal (commercial operation and building) with Amrâth.

With the sale, the Kurhaus building, the commercial operation and the day-to-day business operation of the Kurhaus Hotel all end up with Amrâth. Amrâth will therefore be able to organise the corporate structure of the Kurhaus according to their wishes and be able to better adjust to the current market demands.

Amrâth Hotel Group

Dutch Amrâth Hotel Group, a Van Eijl Family business, acquired its first hotel in the Netherlands in 1997 and before buying the Kurhaus Hotel owned and operated sixteen hotels (approximately 1300 rooms) in the Netherlands. The company employs 450 people and generated approx. €30 million in sales last year. The Kurhaus Hotel, Amrâth's seventeenth hotel in the Netherlands, is the first Amrâth hotel in The Hague area.

The Future of the Kurhaus Secured

Amrâth has been interested in acquiring the monumental Kurhaus Hotel for some time and aims to restore the Kurhaus Hotel to its former glory. Amrâth will refurbish the building and restructure the organisation. Some of the staff members formerly employed at the Kurhaus are now hired by Amrâth. Amrâth also brought in employees from their other hotels to get the Kurhaus Hotel running according to their business philosophy.

After troubled recent years the future of the Kurhaus has thus been secured (again), and the Scheveningen boulevard will keep its iconic Kurhaus Hotel.

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