

# AHV Hospitality Newsletter

*A Monthly Publication of AHV Associates*



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**NOVEMBER 2023 | ISSUE 33**

**AHV**  
ASSOCIATES

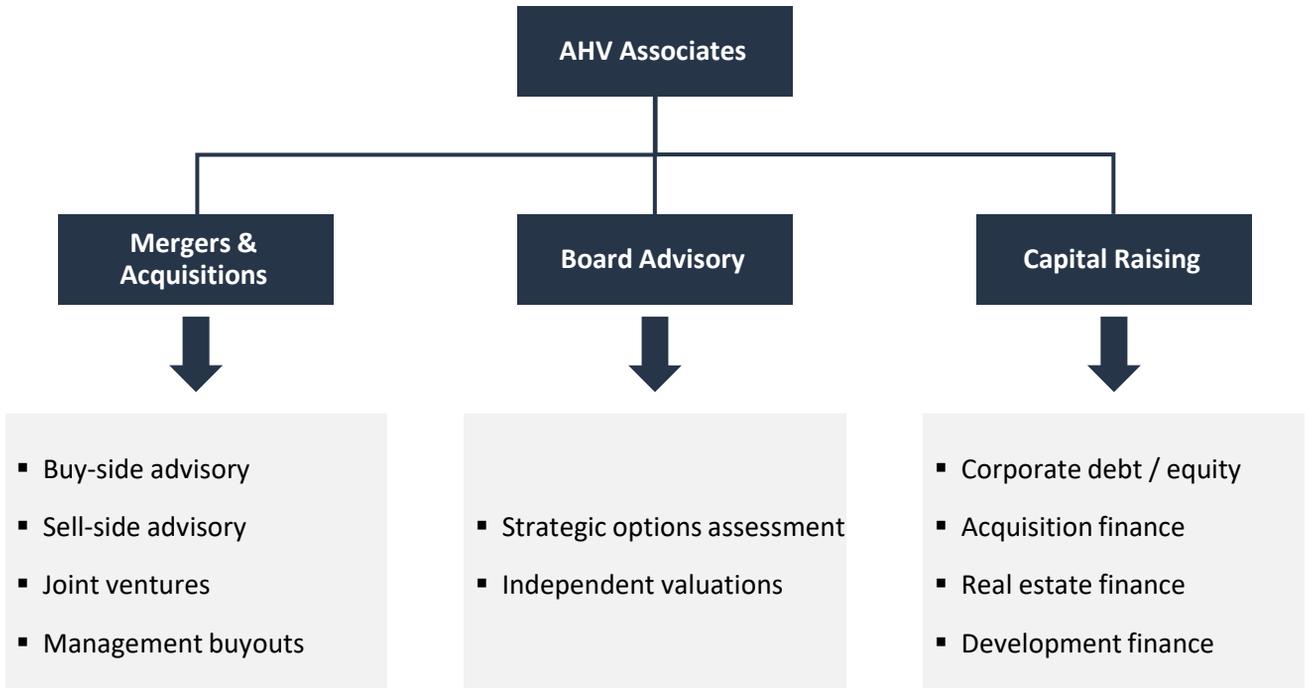
# ABOUT US

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- ❑ Co-founded in 2001 by Andrew Harrington, AHV Associates LLP (AHV) is a London-based boutique investment bank focused on advising private companies across a range of M&A and capital raising assignments.
- ❑ AHV specializes in hospitality and has worked with companies that own and/or operate hotels, apart-hotels, serviced apartments, hostels and mixed-use resorts.

## WHAT WE DO

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AHV Associates LLP is authorized and regulated by the **Financial Conduct Authority**



## *Economic Trends*

The BOE has left interest rates unchanged at 5.25% for a second successive time and has highlighted that the UK faces a stagnating economy with persistent inflation. Growth will remain well below historical average over the medium term and very little growth is expected in Q3 2023. However, the BOE is expected to achieve its target of halving inflation by the end of 2024 with the swap markets pricing in an interest rate cut for August or September next year.

In the Eurozone, the ECB has held interest rates at its latest meeting, with inflation having fallen to its lowest level in more than 2 years to 2.9%. However, the bloc's economy has weakened, shrinking by 0.1% in the 3 months to September, as consumers and businesses face rising borrowing costs, weaker global trade and a higher cost of living. The economy is expected to enter a stagnation period, though with the positive data on inflation, interest rates are unlikely to increase much further.

In the stock market, the AHV Hospitality Index underperformed the market falling by 5.52%, caused by uncertain economic outlook and heightened geopolitical tensions caused by the conflict in Israel.

## *Hotels & Hospitality Performance*

H1 2023 hotel stats showed that in the UK, RevPAR in London, Cardiff, Birmingham and Bristol has significantly exceeded the levels achieved in H1 2019. This premium has stretched from 12% in Bristol to 22% in London. UK passenger numbers have continued to show improvements and remain in-line with 2019 figures. However, a squeeze on household income and higher operational costs, especially utilities and labour costs, are expected to have a negative impact on hotel profitability in the short-medium term.

In Spain, the hotel industry shows a positive outlook driven by a resurgence in tourism, increased spending and a high-quality offering at a national level in major tourist destinations. RevPAR has increased 13% to €90 in September vs the same period last year. The number of overnight stays by foreign visitors has increased 10% annually to 26.3m. The upbeat trend is also reflected in the trading performance of the publicly listed hotel groups announcing their Q3 23 results (see next page).

## *Transactional Activity*

UK investment activity has fallen 43.2% in H1 2023 compared to H1 2022, caused by rising interest rates and utility prices. Higher interest rates has given opportunity to real estate private credit funds as an alternative lender to traditional banks. These funds are sitting on a lot of dry powder which they can deploy for refinancing of hotel portfolios when they come to the market in the next 3-4 years.

Transactional activity in the Spanish hotel market has been more buoyant. In the first 9 months of 2023 transactional volumes reached €1.93bn, an increase of 27% compared to the same period in 2022, despite a 40% decrease in Q3 2023 vs Q3 2022.

There has been some major corporate transactions in the sector in October including:

- Saudi Fund PIF acquiring a 49% stake in Rocco Forte Hotels, valuing the company €1.5bn
- TPG selling A&O Hotels and Hostels to Stepstone and Proprium for €800m
- Luxury Hospitality Capital buying a majority stake in the Irish Dean Hotel Group on a €350m valuation

# Q3 TRADING PERFORMANCE (% CHANGE)



## Industry

	RevPAR	ADR	Occupancy (absolute)
Q3 2023 vs Q3 2022 Results	'23 vs '22	'23 vs '22	'23 vs '22
Hilton Worldwide	+6.8%	+3.6%	+2.2%
Hyatt Hotels Corporation	+8.9%	+2.6%	+4.2%
InterContinental Hotels Group	+10.4%	+4.0%	+4.1%
Marriott International	+8.8%	+4.1%	+3.2%
Scandic Hotels	+6.5%	5.7%	+0.5%
Wyndham Hotels & Resorts	+0.5%	0.0%	+1.2%
Average	+7.3%	+4.0%	+2.3%

- Q3 2023 results reveal that major hotel companies have had a strong quarter compared to the same period last year, with the driving force being the continuing rise post-covid of group and business travel, which are still slightly below 2019 levels. Leisure travel is already at or ahead of 2019 levels.
- CEO of Hilton, Christopher J. Nassetta said "As we look to the fourth quarter, we expect continued strength in international markets, along with continued improvement in business transient and group demand."
- Elie Maalouf, CEO of IHG mentioned that "People started traveling really by the end of 2020 as restrictions started to lift," he said. "So we're really past revenge travel — even in China."
- Anthony Capuano, CEO of Marriott stated that ""Both occupancy and rate contributed to global RevPAR gains in the third quarter, and cross-border travel continued to rise."

# TRADING PERFORMANCE OF HOTEL COMPANIES

Company Name	Price Change (MoM)	Price Change (YoY)	Market Cap (€ mm)	EV (€ mm)	EV/Rev (FY+1)	EV/EBITDA (FY+1)	Net Debt/EV
Accor	(5.9%)	24.3%	7,853	9,212	1.8x	9.3x	15%
Airbnb	(13.8%)	8.5%	71,656	63,332	7.1x	19.7x	NA
Choice Hotels International	(9.8%)	(15.2%)	5,216	6,589	4.6x	13.3x	21%
Covivio Hotels	(6.4%)	4.2%	2,390	5,050	15.2x	15.6x	53%
Dalata Hotel Group	0.0%	23.6%	896	1,700	2.9x	8.1x	NA
Fattal Holdings	(13.3%)	(7.4%)	1,382	6,199	4.2x	21.2x	NA
Hilton Worldwide Holdings	0.9%	13.3%	36,434	44,725	4.8x	15.9x	19%
Hyatt Hotels Corporation	(4.1%)	9.1%	10,246	12,624	1.9x	12.5x	19%
IHG	(3.5%)	33.6%	10,970	13,066	6.5x	12.9x	16%
Mandarin Oriental International	(7.3%)	(8.4%)	1,786	2,115	1.2x	9.3x	16%
Marriott International	(4.1%)	17.8%	52,931	63,958	2.9x	14.8x	17%
Melia Hotels International	(9.0%)	11.3%	1,150	3,880	2.1x	8.3x	70%
NH Hotel Group	(3.5%)	42.2%	1,680	3,880	1.9x	6.1x	NA
Pandox AB	(5.8%)	(20.4%)	1,713	4,783	8.5x	21.7x	64%
Pierre et Vacances	(2.5%)	43.6%	575	3,360	1.8x	22.8x	83%
PPHE Hotel Group	(5.1%)	(12.9%)	498	1,320	3.9x	11.3x	63%
Scandic Hotels Group	1.0%	6.7%	610	4,446	2.5x	8.7x	86%
Sonder Holdings	(7.4%)	(82.7%)	75	1,438	2.5x	NA	43%
Whitbread Plc	(3.9%)	29.4%	7,360	11,822	3.5x	10.1x	38%
Wyndham Hotels & Resorts	4.1%	(3.6%)	5,659	7,614	5.9x	15.5x	26%
<b>Average</b>					<b>4.0x</b>	<b>3.3x</b>	
<b>Median</b>					<b>3.2x</b>	<b>9.7x</b>	

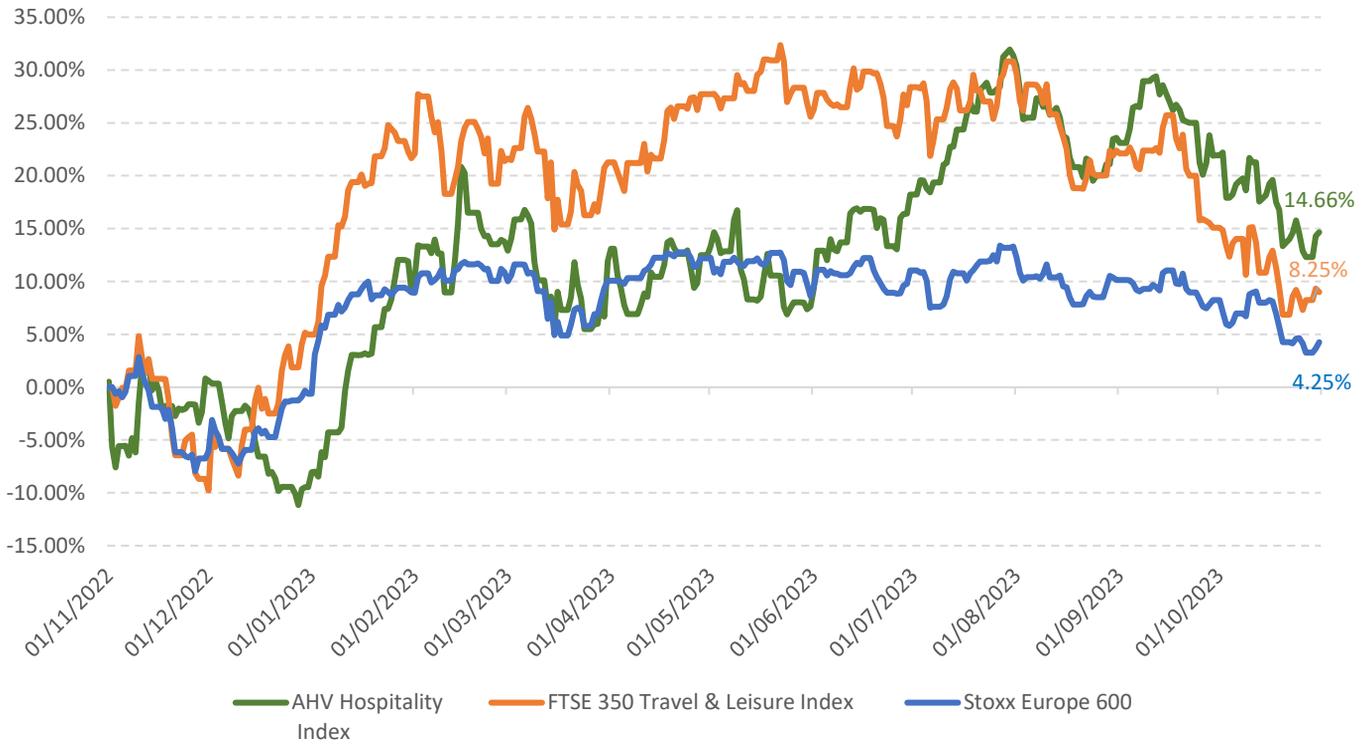
Metrics reported in the table include impacts of IFRS 16

Source: Yahoo Finance, Market Screener

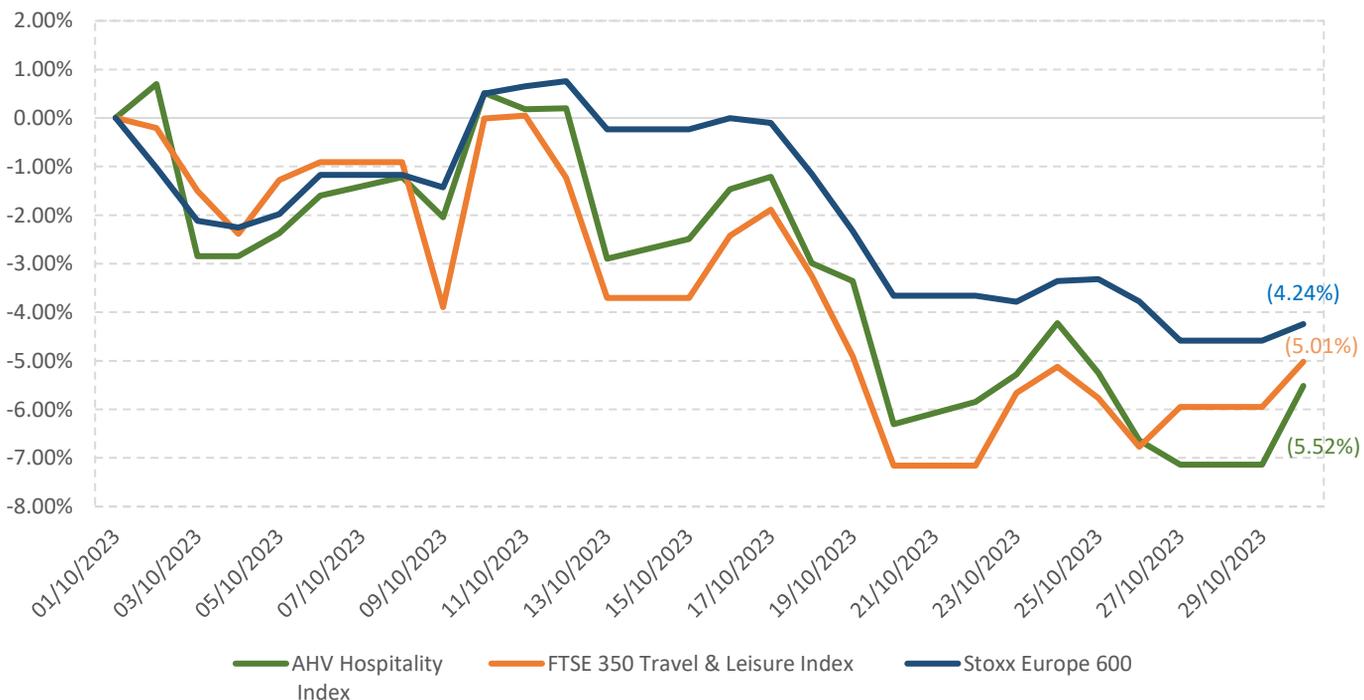
Trading performance of hotel companies included in the AHV Index as of 31/10/2023

# AHV INDEX OUTPERFORMS ON AN ANNUAL BASIS

The AHV Hospitality Index is a market-cap weighted index of the 20 hotel companies with a significant European presence listed above. AHV Hospitality Index performance is compared to the broader hospitality industry index performance (FTSE 350 Travel & Leisure Index) and overall market (Stoxx Europe 600 Index) in Europe



# AHV HOSPITALITY INDEX UNDERPERFORMS ON A MONTHLY BASIS



Source: Yahoo Finance, Investing.com



### ***UK: Saudis back Rocco***

Saudi Arabia's Public Investment Fund is about to acquire a 49% stake in Rocco Forte Hotels, according to Italian media. The deal is being agreed at a valuation of €1.5bn, with Rocco Forte himself retaining 51%.

The group owns hotels in the UK but has built its largely Italian portfolio as a third-party operator. Upcoming additions to the portfolio include the Carlton hotel in Milan, opening in 2025.

### ***UK: Whitbread acquires office building in London to convert to mixed-use hotel***

Premier Inn owner Whitbread has acquired the freehold of 1970s office tower New London House, from UK-based Orchard Street Investment Management (who sold it on behalf of St. James's Place Wealth Management Group), for £56.5m. The tower, which also includes retail and F&B offerings, is located in London's financial district, the City of London, adjacent to the Fenchurch Street underground station. Whitbread is seeking to obtain planning consent from the City of London to convert and extend the approximately 90,000 sq ft / 8,361 sqm (NIA) building to become a mixed-use development with a hotel as the centrepiece attraction.

### ***UK: Dalata Hotel Group acquires €14.3m site in Edinburgh from Aviva***

The Group plans to submit a revised planning application in Q1 next year, enabling the construction of a new 4-star Clayton Hotel, which is expected to be completed by mid-2026.

### ***UK: Warner Leisure Hotels to grow to 18 properties with £100m investment***

Warner Leisure has acquired 2 hotels, Dalmahoy Hotel and Country Club near Edinburgh and the Forest of Arden Country Club in Birmingham. Terms of the deal were not disclosed but the company said it was set to spend more than £100m in total on the acquisition and redevelopment of the two hotels. Both hotels will be independently managed until they are relaunched under the Warner Leisure Brand, which is marketed towards adult-only break

### ***IRE: Whitbread buys in Dublin***

Whitbread has acquired a development site in Dublin, Ireland with permission for a 100-room hotel. It will build out the site itself, as it heads towards a target of 2,500 Premier Inn rooms in the city.

Currently the group has two hotels open in central Dublin, and one at the airport. Two further Dublin hotels, and one in Cork, are due to launch in the coming months.

### ***IRE: LHC acquires majority stake in Dean Hotel Group***

LHC a new investment vehicle set up by ex-Ennismore executive Keith Evans, along with Elliott Investment Management, is to acquire a majority stake in Dublin-based Dean Hotel Group. Founders Paddy McKillen Jr and the McKillen Company will retain a stake in the group and continue to operate its hotels (three existing and two under development), as well as its restaurant and bars operations that includes some 30 establishments under its own brands.



### ***PT: HIP acquires its second hotel in Portugal***

Hotel Investment Partners (HIP), part of the Blackstone managed funds and known as one of the leading owners of resort hotels in Southern Europe, has added the Cascade Wellness Resort in Lagos, Algarve to its collection. Previously managed by ECS and Highgate Portugal, this five-star hotel strengthens HIP's position in the region, where they already own the Domes Lake Algarve, Autograph Collection hotel, located in Vilamoura Bay from January 2020.

HIP plans to invest in upgrading and repositioning the newly acquired hotel, including the inclusion of new holiday villas in its facilities.

### ***PT: Arrow expands in Portugal***

Arrow Global has bought two further Algarve hotels for funds it manages. Hilton Vilamoura As Cascatas Golf Resort & Spa and Vilamoura Garden were sold by CBRE and Eastdil Secured.

Arrow has committed to investing €500m in Portuguese leisure assets, over five years. In July, Arrow bought the Dom Pedro portfolio of hotels and golf courses.

### ***IT: Six Senses Rome deal***

Investor Gruppo Statuto has acquired the Six Senses hotel in Rome for a reported €245m. The 95-room property opened under the IHG flag in March 2023.

The development was backed by Orion Capital Managers via its Orion European Real Estate Fund V. Statuto is already developing a Six Senses hotel in Milan.

### ***FR: Alpine Addition***

Investor La Franchise Real Estate has bought a mountain resort in Serre Chevalier, France for a fund it manages. The property was bought from Vinci Construction, ahead of a 2025 planned completion.

The four-star property has been leased to operator MMV, a subsidiary of Compagnie des Alpes. It features 164 units, in a mix of two to four room suites.

### ***ES: The Swiss Limestone Capital buys the Axel Madrid hotel from HIP***

The Swiss management company Limestone Capital has bought the Axel Madrid hotel from the operator HIP, controlled by the US fund Blackstone. Although the amount of the transaction has not been disclosed, the starting ask price was around €35m. With a total of 88 rooms, the hotel opened its doors in the summer of 2017 under the management of Axel Hotels

### ***ES: Indotek Group acquires the H-Top Royal Beach hotel in Lloret de Mar***

The Indotek Group, an international real estate fund based in Budapest, has closed the purchase of the H-Top Royal Beach Hotel, a 368-room, 4-star establishment located in Lloret de Mar, Girona. This sale & leaseback transaction strengthens Indotek's presence in the hotel sector in Spain. The acquisition, financed by Banco Santander, is the group's seventh of its kind in Spain.



### **DE: Center Parcs sold**

Investor TwentyTwo Real Estate has bought the Center Parcs in Allgau, Germany. The property has around 1,000 villas, of which 750 are included in the deal, and facilities spread over 184ha.

The asset was sold by Batipart, which built the holiday destination – it opened in 2018. Pierre & Vacances manages the site under a long-term lease agreement

### **DE: Lindemann bought**

Investor Aurelius Growth Capital has acquired Germany's Lindemann Hotels. The group operates four boutique properties in the Berlin area.

Aurelius plans to scale the business, building off the operating platform with 52 staff currently. It says family-owned Lindemann was attractive due to its high level of digitisation.

### **DE: Premier Inn acquires the BW Plus Marina Star Hotel Lindau in Germany from ImmoLeen**

Premier Inn, the UK's largest hotel brand, has entered an agreement to acquire the 99-room Best Western Plus Marina Star Hotel Lindau in Bavaria, Germany, by Lake Constance near the Austrian border, from real estate investor ImmoLeen, for an undisclosed price. The acquisition of the four-star hotel is described as a forward commitment that will close in January 2024, when Premier Inn will take over the asset on a vacant possession basis. Best Western will still manage the hotel until year-end. The property, which was built in 2017 and extended in 2019, will be adapted to the Premier Inn brand and reconfigured to feature 113 rooms

### **DE: A&O Sold**

Investor TPG is close to completing the sale of its German hostel business A&O. Buyers StepStone and Proprium are expected to be paying around €800m for the business. A&O has 39 properties, of which it owns 13. TPG bought A&O in 2017, paying €250m, at which point the business had 31 properties and 20,000 beds.

### **UK: NoMad refinanced**

Lender Cohort Capital has agreed a £73m loan to refinance the NoMad hotel in London. The funds will replace a syndicated bank loan that was approaching expiry.

The loan has been advanced to a Qatari-based group that created the 91-room hotel from former magistrates' courts. NoMad will continue to be operated by Sydell Group under a management contract

### **IRE: Leumi backs Clarence**

Leumi UK has lent €43m to back the Dean Hotel Group's upgrade of the Clarence hotel in Dublin. Dean, which has held the lease on the hotel since 2019, plans a 43-room extension.

The funds will allow purchase of the freehold, and the adjacent building, to allow for expansion. Dean is part of Press Up Hospitality Group.

### **Global: Accor launches bonds**

Accor has launched a new issue of up to €500m of hybrid bonds, to refinance existing debt. Within 2 days of issue, over 25% of the 5.5-year duration paper had already been taken up in the market. Concurrently, Accor plans to offer to buy back up to €500m of a previous bond issue from 2019.



### ***UK: Voco pace***

New signings have taken IHG's Voco brand to 37 pipeline or open properties in Europe. Recent additions include Belfast and Letchworth in the UK opening 2024, and Granada in Spain due 2025. The brand, launched in 2018, had just 28 European hotels signed or open at the end of 2022. Globally, Voco has more than 100 signings and expects to hit a target of 200 by 2028.

### ***UK: Olympic opportunity***

Frogmore and C1 Capital are seeking a funding partner to double the size of their Hilton Olympia hotel in London. Permission has been granted to expand the 404-room hotel to 905 rooms.

The hotel currently enjoys occupancy over 80% and will benefit from the relaunch of the nearby Olympia conference centre in 2025. The expansion plans include a rooftop garden and bar with far reaching views.

### ***UK: UK demand normalises***

UK hotels saw weaker seasonal demand in August but maintained a strong operational performance. London hotels saw 81.6% average occupancy for the month. Select service hotels outperformed in London, with 84% occupancy. UK regions pushed RevPAR up 6.7% year on year, though F&B revenues have been more challenged.

### ***UK: PIG Hotels reveals opening for Warwickshire site***

PIG Hotel group, a restaurant with rooms brand, has confirmed that its ninth property THE PIG-on the farm in Stratford Upon Avon, will open in December 2024.

THE PIG-on the farm is a mid-16th century, stone-built manor house set within 53 acres of land. It marks the group's most northerly hotel.

### ***UK: easyHotel growth spurt***

Budget operator easyHotel more than doubled revenues in the first half of 2023. RevPAR was up 45%, and 27% like for like.

Room count is up 58% year on year, with recent openings in Paris and Dublin. The group aims to double its portfolio by 2027.

### ***ES: Aimbridge Spanish signing***

Aimbridge EMEA has signed to manage the Grand Luxor Hotel & Village resort in Costa Blanca, Spain. It will operate the 300 room Grand Luxor, five F&B outlets and 102 villas. The independently branded property is owned by Santa Maria Group, who also own the adjacent Terra Mitica theme park and convention centre. Aimbridge recently signed to manage hotels in Eindhoven, Antwerp and Batumi, Georgia.



### **FE: Four star club resort planned for French Alps**

MMV, a hotel operator subsidiary of Compagnie des Alpes, will be adding to its 21 French Alpine sites with a resort in La Salle-les-Alpes.

The four-star hotel will be located at the foot of the slopes of Serre-Chevalier, situated between Grenoble and Turin.

The off-market transaction was concluded on behalf of a real estate investment fund.

### **FE: Accor upgrades**

Accor reported third quarter revenues up 13% at €1,286m. The strong performance prompted management to upgrade its expectations for the full year.

A rebound in Asia saw Accor's MEA APAC region record a 25% uplift in RevPAR in its Premium, Midscale and Economy division. In the Luxury & Lifestyle division, Accor noted a flattening of performance from its luxury hotels in north America.

### **FE: Hilton signs Lille**

Hilton has signed to convert the Crowne Plaza in Lille, France to its Hilton brand. The 124-room property will relaunch in summer 2024, following renovation. Upgrades to the city centre property include provision of seven meeting rooms, and a new executive lounge. Hilton currently has 23 hotels trading across France.

### **GE: Greek Tourism on Track for a Positive 2024 Season**

Greece will see this year's tourism season wrap up on a positive note while expectations for 2024 are already high, according to Grigoris Tasios, the outgoing president of the Hellenic Hoteliers Federation (known in Greece as POX).

Tasios held his last meeting with journalists as the federation's president on Wednesday, one day before POX was to announce its new Board of Directors.

### **PT: Hilton's Portuguese trio**

Hilton has signed a 3-hotel deal to expand its presence in Lisbon, Portugal. Development partner Feuring Asset Management will deliver Canopy, Curio and Hampton properties on three separate sites. The 75 room Curio will be first to open in spring 2024. The 157 room Hampton will follow in 2025, with the Canopy due to launch in 2026.

### **PT: Algarve addition**

IHG has signed its first Kimpton branded hotel in Portugal. The 149-room property will open in 2025 near Albufeira, just steps from Sao Rafael beach. The hotel will operate under a franchise agreement with Highgate Portugal. IHG currently has 19 hotels open, under six of its brands.



### ***DACH: DACH serviced apartments report stronger ADRs than hotels***

Serviced apartment operators in the DACH region witnessed a 4% improvement on ADRs in Q3 2023.

The ADRs for serviced apartments increased by 4% to €106.20 in Q3 this year. This compares to an increase of 2.9% for hotels to €102.63.

RevPAR largely varied across hotels and serviced apartments, with the former reporting 2.9% growth between July and September to €74.95. RevPAR for serviced apartments however increased by 0.7% to €86.81.

### ***US: China lifts IHG***

IHG saw third quarter RevPAR increase 10.5%, as China came back with a 43.2% uplift. Occupancy improved to 72%, one point behind the 2019 comparable.

### ***US: Wyndham rejects Choice's 'opportunistic' proposal***

Wyndham Hotels & Resorts has rejected a bid by Choice Hotels International to acquire all outstanding shares of Wyndham. The original deal was set at \$80 per share, comprising of 40 per cent cash and 60 per cent in Choice shares. Wyndham rejected that proposal and refused to engage in further discussions, according to Choice.

### ***SE: Pandox hails new normal***

Net operating income was up 10% in the third quarter for Pandox. EBITDA improved 6% to SEK1,102m, with profit at SEK460m.

The group bought the Hilton Belfast during the quarter. CEO Lisa You said demand has now normalised to pre-pandemic seasonal patterns, though business demand is still returning.

### ***SE: Record breaking Scandic***

Scandic delivered a record third quarter, with net sales up 5.2% to SEK6,307m. Occupancy eased up to an average 71%, with RevPAR up to SEK933.

The group is now focused on growth, and recently signed a two-hotel deal in Helsinki, Finland. It is also expanding its Scandic Go and Signature Collection brands with new signings.

### ***Denmark: Hobo for Copenhagen***

Pandox is to lease the Mayfair hotel in Copenhagen, Denmark to the Strawberry group. The 203-room property will relaunch under Strawberry's Hobo brand, in the second half of 2024. Pandox has owned the hotel since 2010 and took over its operations in 2020. Since then, it has undergone renovation and repositioning, with further refit works planned to prepare for Hobo.

# TRANSACTIONS

Oct '23 Activity



## Corporate Transactions

Buyer(s)	Country	Target	Country	Deal Size (mm)	Deal Type
Public Investment Fund	Saudi Arabia	Rocco Forte Hotels	UK	€ 1,500	Minority Stake
Stepstone and Proprium	US & UK	A&O Hotels and Hostels	Germany	€ 800	Acquisition
LHC	UK	Dean Hotel Group	IRE	€ 350	Majority Stake
Aurlius Growth Capital	Bavaria	Lindemann Hotels	Germany	Undisclosed	Acquisition

## Real Estate Transactions

Buyer(s)	Country	Target	Country	Deal Size (mm)	No. Of Rooms
Gruppo Statuto	IT	Six Senses Hotel, Rome	IT	€ 245	95
Arrow Global	UK	Estalagem da Cegonha, Algarve	PT	€ 90	137
Whitbread	UK	New London House to convert to a hotel	UK	£ 56.5	Undisclosed
Undisclosed	FR	4 CapitaLand Ascott Trust Properties	FR	€ 44.4	333
Limestone Captial	CH	Axel Madrid, Madrid	ES	€ 35	88
Dalata Hotel Group	IRE	Devlopment Site, Edinburgh	UK	€ 14.3	153
Indotek Group	HU	H-Top Royal Beach Hotel, Catalonia	ES	€ 10.0	368
Undisclosed	UK	Ainscow Hotel, Manchester	UK	£ 7.5	87
Gergorio Antoranz	ES	NH Práctico Hotel, Madrid	ES	€ 6.00	40

# TRANSACTIONS

Oct '23 Activity



## Real Estate Transactions

Buyer(s)	Country	Target	Country	Deal Size (mm)	No. Of Rooms
La Franchise Real Estate	FR	Development Site, Serre Chevalier	FR	Undisclosed	164
Warner Leisure Hotels	UK	Dalmahoy Hotel and Country Club, Edinburgh and Forest of Arden Country Club, Birmingham	UK	Undisclosed	429
Whitbread	UK	Development Site, Dublin	IRE	Undisclosed	100
Compass Hospitality	THAI	Esplanade Hotel, Devon	UK	Undisclosed	84
Alchemy Step	DE	Essential, Cologne and Hotel Magdeburg Ebendorf, Magdeburg	DE	Undisclosed	260
DER Touristik	DE	Aldiana Hotel, Fuerteventura	ES	Undisclosed	361
MJIH	UK	Carnoustie Golf Hotel, Angus	UK	Undisclosed	106
Premier Inn	UK	Best Western Plus Marina Star Hotel Lindau, Lindau	DE	Undisclosed	99
Arrow Global	UK	Hilton Vilamoura As Cascatas Golf Resort & SPA and Vilamoura Garden, Vilamoura	PT	Undisclosed	294
Turenne Capital	FR	Hotel Des Roys, Paris	FR	Undisclosed	37
RAD	UK	Seamill Hydro Hotel, Ayrshire	UK	Undisclosed	84
Monte-Carlo S.B.M	MON	Palace Des Neiges, Courcheval	FR	Undisclosed	78
HIG	US	1 Hotel in Madrid	ES	Undisclosed	N/A
TwentyTwo Real Estate	FR	Center Parcs, Allgau	DE	Undisclosed	750
HIP	ES	Cascade Wellness Resort, Algarve	PT	Undisclosed	164

# MARKET SNAPSHOT (EUROPE)

## Macroeconomic Metrics

	Real GDP Growth (vs same quarter last year)	Inflation	Unemployment Rate
United Kingdom	0.2% (Q2 2023)	6.3%	4.3%
European Union	0.1% (Q2 2023)	2.9%	6.4%

FX Rate	Current	MoM ( $\Delta\%$ )	YoY ( $\Delta\%$ )
GBP/EURO	1.150	(0.23%)	(1.08%)
EURO/USD	1.055	0.79%	17.65%
GBP/USD	1.213	0.41%	5.66%

## Fixed Income and Equity Markets

Central Banks Interest Rates	Bank of England	European Central Bank	
	5.25%	4.00%	

Sovereign Bond Yield	Current	MoM ( $\Delta$ bps)	YoY ( $\Delta$ bps)
UK 10-Year GILT	4.53%	(4.00)	113.00
German 10-Year BUND	2.81%	(11.30)	67.60
Italy 10-Year BTP	4.74%	(6.90)	44.10
France 10-Year Bond	3.44%	(3.10)	76.30

Swap Rates	Current	MoM ( $\Delta$ bps)	YoY ( $\Delta$ bps)
3M SONIA – GBP – 5 Year	4.45%	(16.10)	41.16
3M EURIBOR – € – 5 Year	3.37%	(19.90)	127.70

Interbank Interest Rates	Current	MoM ( $\Delta$ bps)	YoY ( $\Delta$ bps)
SONIA*	5.19%	(0.07)	300.10
3M EURIBOR	3.97%	2.10	223.50

OAS** Corporate Spread Index	Current	MoM ( $\Delta$ bps)	YoY ( $\Delta$ bps)
S&P Eurozone Investment Grade	1.43%	6.00	(62.00)
BofA € High Yield	4.83%	38.00	(91.00)

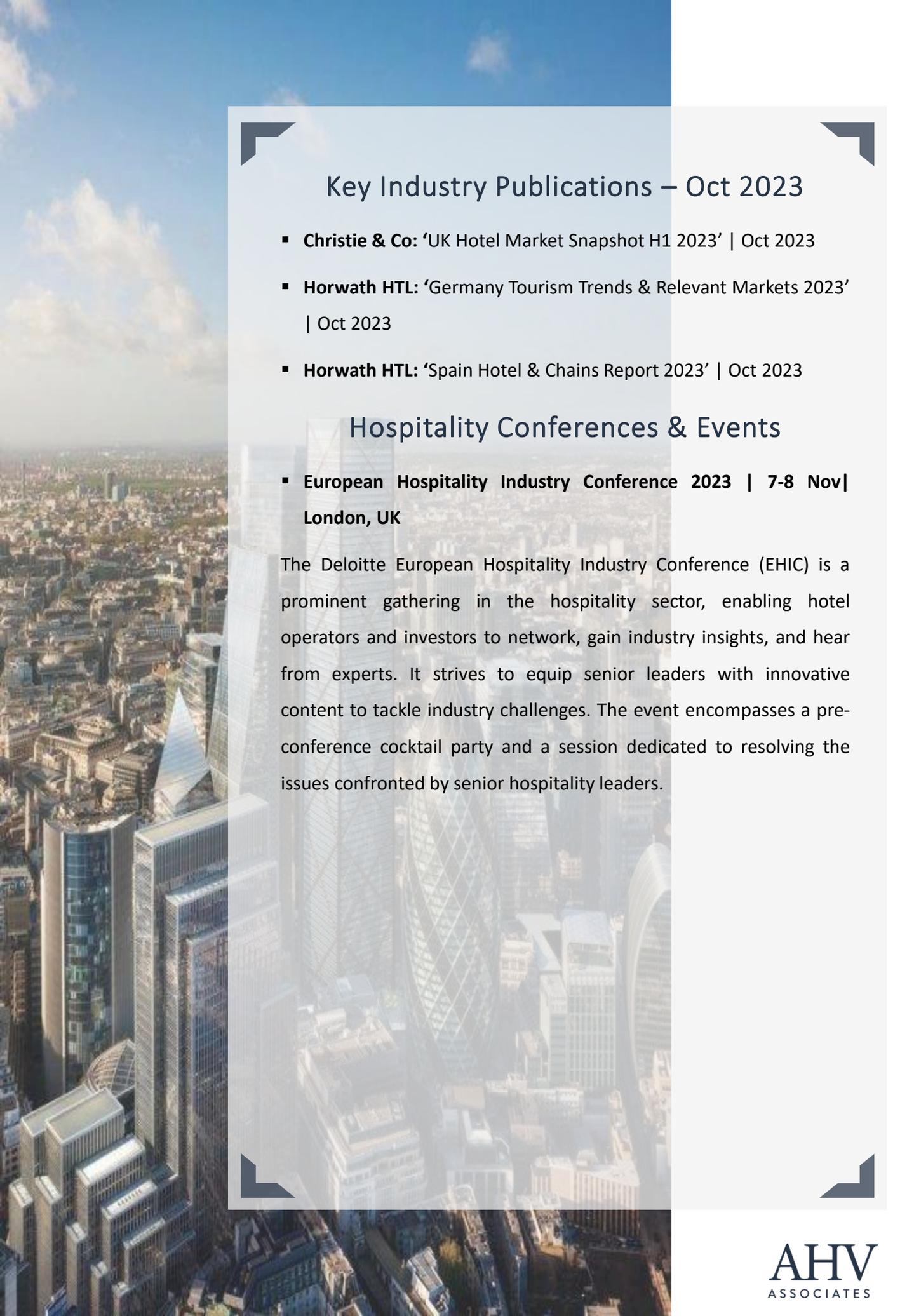
European Stock Indexes	Current	MoM ( $\Delta\%$ )	YoY ( $\Delta\%$ )
STOXX Europe 600	437	(1.88%)	5.76%
FTSE 100	7,375	(1.80%)	3.24%
DAX 30	14,918	(2.16%)	12.53%
FTSE MIB	28,048	0.71%	23.00%
CAC 40	6,945	(1.75%)	10.64%

Market Snapshot (Europe) as of 31/10/2023

\*SONIA is the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions

\*\*OAS is Option-Adjusted Spread, and the index is constructed using each constituent bond's OAS, weighted by market cap

Source: ECB, FED, S&P Market Intelligence, IMF, ONS, Chatham Financial



## Key Industry Publications – Oct 2023

- **Christie & Co:** ‘UK Hotel Market Snapshot H1 2023’ | Oct 2023
- **Horwath HTL:** ‘Germany Tourism Trends & Relevant Markets 2023’ | Oct 2023
- **Horwath HTL:** ‘Spain Hotel & Chains Report 2023’ | Oct 2023

## Hospitality Conferences & Events

- **European Hospitality Industry Conference 2023 | 7-8 Nov | London, UK**

The Deloitte European Hospitality Industry Conference (EHIC) is a prominent gathering in the hospitality sector, enabling hotel operators and investors to network, gain industry insights, and hear from experts. It strives to equip senior leaders with innovative content to tackle industry challenges. The event encompasses a pre-conference cocktail party and a session dedicated to resolving the issues confronted by senior hospitality leaders.

# APPENDIX I

## Corporate Transactions – Recent Notable Activity



Date	Buyer(s)	Country	Target	Country	Deal Size (mm)	Deal Type
Oct '23	Public Investment Fund	Saudi Arabia	Rocco Forte Hotels	UK	€ 1,500	Minority Stake
Oct '23	Stepstone and Proprium	US & UK	A&O Hotels and Hostels	Germany	€ 800	Acquisition
Oct '23	LHC	UK	Dean Hotel Group	IRE	€ 350	Majority Stake
Aug '23	KSL Capital	US	Hotel Reit Hersha Hospitality Trust	US	\$ 1,400	Majority Stake
Jul '23	KSL Capital	US	Sereno Hotels	IT	Undisclosed	Majority Stake
Jun '23	Goldman Sachs Asset Management	US	FTC Hotels	GR	Undisclosed	Acquisition
May '23	Marriott International	US	City Express	UK	\$ 100	Acquisition
May '23	Hyatt Hotels Corporation	US	Mr & Mrs Smith	UK	£ 53	Acquisition
Apr '23	Bob W	FI	Charly Hospitality	DE	Undisclosed	Acquisition
Mar '23	Blantyre & Fairtree	UK	Crerar Hotel Group	UK	Undisclosed	Acquisition
Feb '23	Fondo Italiano & Eulero Capital	IT	HNH Hospitality	IT	Undisclosed	Acquisition
Jan '23	Sortis Holdings	US	Ace Group International	US	\$ 85	Acquisition
Dec '22	Highgate Hotels	US	Viceory Hotels & Resorts	US	Undisclosed	Acquisition
Nov '22	Palace Resorts	MX	Baglioni Hotels & Resorts	IT	Undisclosed	Majority Stake



Date	Buyer(s)	Country	Target	Country	Deal Size (mm)	No. Of Rooms
Oct '23	Gruppo Statuto	IT	Six Senses Hotel, Rome	IT	€ 245	95
Oct '23	Arrow Global	UK	Estalagem da Cegonha, Algarve	PT	€ 90	137
Sept '23	ADIA	AE	Portfolio 24 Hotels	ES	£ 800	7,505
Sept '23	Blackstone	US	Cascade Wellness Resort	PT	€ 50	164
Aug '23	Reggeborgh Investor	NL	Corfu Palace	GR	€ 30m	106
Jul '23	Olayan Group	ES	Mandarin Oriental Barcelona	ES	€ 220	120
Jun '23	Dalata Hotel Group	IE	Apex Hotel London Wall	UK	£ 53.4	89
Jun '23	ADIA	SA	17-hotel portfolio in Spain	ES	€ 600	2,500
May '23	Fattal Hotel Group	IL	Grand Brighton Hotel	UK	£ 60	201
Apr '23	Ares Management	US	Landsec - 21 properties	UK	£ 400	3,766
Apr '23	Stoneweg Hospitality	CH	La Niña & Palace de Muro	ES	€ 83	410
Mar '23	Pandox	SE	Best Western Stockholm	SE	SEK 400	221
Mar '23	Perial	FR	Dolce Sitge Hotel Barcelona	ES	€ 63	263
Mar '23	Firmdale Hotels	UK	Covent Garden Hotel	UK	£ 55	58
Feb '23	Sistema	RU	Ten Hotels in Russia from Wenaas Hotel	RU	€ 203	n/a



Date	Buyer(s)	Country	Target	Country	Deal Size (mm)	No. Of Rooms
Feb '23	Fattal Group	ISR	Grand Hotel Brighton	UK	£ 60	201
Jan '23	Arp-Hasen	DK	The Square Copenhagen	DK	€ 73.8	268
Jan '23	Davidson Kempner	US	Portfolio of Portuguese Hotels	PT	€ 850	n/a
Jan '23	Blasson	ES	Sofia Hotel Barcelona	ES	€ 230	465
Dec '22	Schroders	UK	Ennismore Amsterdam & Paris	NL & FR	€ 260	283
Nov '22	CPPIB and Hamilton-Pyramid	UK	W Hotel Rome	IT	€ 172	162
Nov '22	Hova Hospitality	FR	Staycity Dublin	IRE	€ 38	340
Oct '22	Fattal Group	IL	Dilly Hotel London	UK	£ 90	280
Sept '22	Patrizia	DE	Two Student Hotels Barcelona	ES	£ 110	635
Sept '22	Pandox	SE	DoubleTree by Hilton Bath	UK	£ 40	176
Aug '22	Crimson Hotels	UK	Trafalgar Square Hotel	UK	£ 130	131
Aug '22	L+R Hotels	UK	Hotel Excelsior Venice	IT	€ 100	197
Aug '22	Davidson Kempner Capital Management LP	US	Project Crow	PT	€ 850	2,662
Jul '22	Fattal Hotels	ISR	6 Alua Hotels	ES	€ 165	1,119
Jul '22	Universities Superannuation Scheme (USS)	UK	Butlin's Assets	UK	£ 300m	n/a

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