



HOSPITALITY NEWSLETTER

A Monthly Publication of AHV Associates

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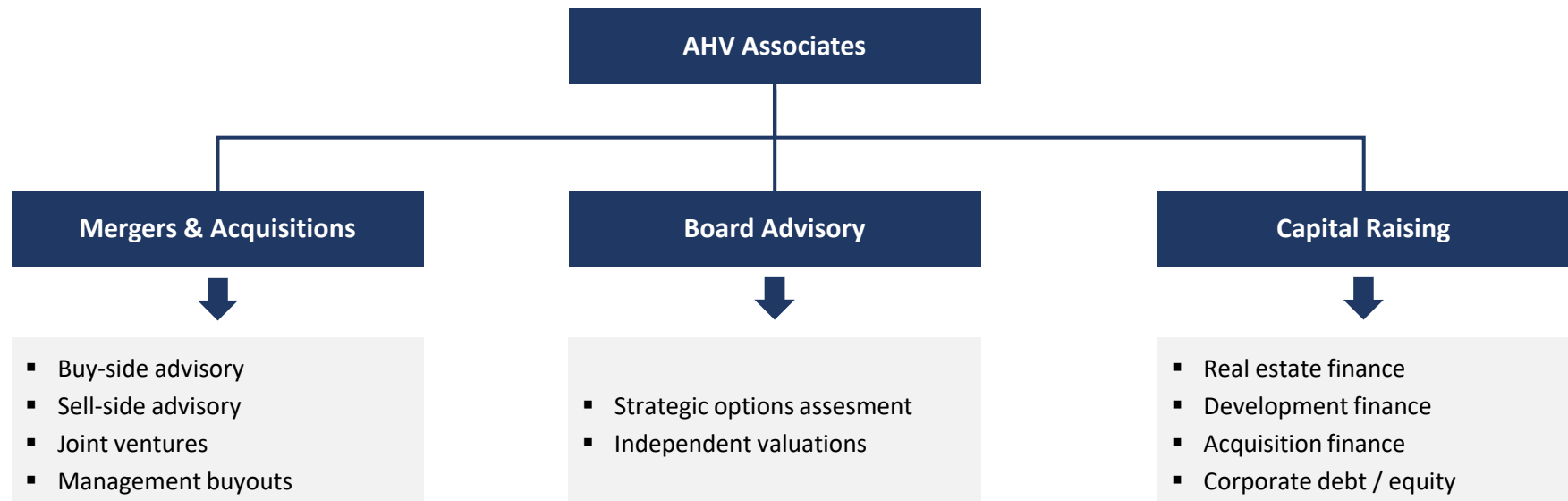
APRIL 2024 | ISSUE 38

AHV
ASSOCIATES

ABOUT US

- ❑ 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



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



Economic Trends

The latest round of S&P PMI surveys showed the UK expanding at a faster pace than all major economies, including the US; this strong start to the year has been fuelled by falling inflation and hopes of lower interest rates. Furthermore, expectations of wage growth in UK businesses have fallen to a two-year low – according to Chief Financial Officers surveyed by the BoE, wages are expected to rise by 4.7% over the next year, down from February’s estimate of 4.9%. Given the BoE’s concerns that high levels of wage growth could fuel persistent inflation, this projected slowdown has provided a boost to investors’ hopes for imminent interest rate cuts.

Eurostat reported that headline inflation in the Eurozone dropped from 2.6% in February to 2.4% in March – the lowest recorded rate since July 2021. This rate was slightly lower than projected, edging closer to the ECB’s 2.0% target, and supporting the notion that the ECB will begin to cut interest rates in June. Eurozone Composite PMI data has also shown the fastest expansion in service sector activity in the last ten months, indicating that the Eurozone’s economic recovery is well underway.

In the capital markets, the AHV Hospitality Index increased by 3.56% in March, marginally underperforming the Stoxx Europe 600 Index which rose by 3.65% (see page 8).

Hotels & Hospitality Performance

In the UK, forward-looking data produced this month point towards stable occupancy and modest rate growth despite concerns of softening demand arising from higher cost pressures faced by consumers and businesses, according to Horwath HTL. This is primarily attributed to a strong events pipeline during the summer in neighbouring countries, and an increase in travellers from Asian markets – VisitBritain forecasts that international arrivals to the UK will grow by 4% to 39.5 million this year.

In Europe, VisitEurope reported that overnight arrivals were close to full recovery by the end of Jan 2024; business arrivals are still below pre-pandemic levels but are expected to continue to recover this year. However, while total hotel nights have largely recovered, STR data show that occupancies in most markets are yet to recover to 2019 levels but are not far off in summer holiday destinations such as Italy, Greece, and Spain. In contrast, RevPAR has expanded in real terms to well above 2019 levels – RevPAR has grown +24% on average since 2019.

These improving hotel market fundamentals have buoyed the European hotel investment market – as of Q1 2024, the hotel market share of total European real estate investment stands at 12%, compared to the 10-year average of c.8%, as per Colliers.

Transaction Activity

The improvement in urban European hotel trading performance and capital markets conditions has led to renewed investor optimism in key European gateway cities. This was reflected in the recent completion of significant fundraising campaigns this month, such as Schroders raising £100m for a dedicated UK operational hotel fund, KSL Capital closing their sixth travel-focused fund at c.\$2bn, and Redevco announcing a €300m JV with Swiss Finance & Property Group.

Key property transactional activity in March included:

- LondonMetric’s acquisition of LXi REIT and its UK-based 144-hotel portfolio for £1.9bn
- City Developments Ltd’s €240m acquisition of the 268-room Hotel Paris Opera
- Sono Hotels & Resorts’ €120m purchase of the 109-room Hotel Dame des Arts Paris
- CPI Property Group’s €173m sale of a 50% stake in a portfolio of 8-hotels in the Czech Republic to Best Hotel Properties

Brand acquisitions have also returned, despite Choice terminating their year-long c.\$7bn takeover bid for Wyndham, as Hilton announced the acquisition of Graduate Hotels brand, which includes two UK sites, from AJ Capital Partners for \$210m, and the acquisition of a majority stake in NoMad brand from Sydell Group, marking their first brand acquisitions since 1999.

TRANSACTIONAL ACTIVITY MAR '24

Real Estate Transactions

Buyer(s)	Country	Target	Country	Deal Size (mm)	No. of keys
City Developments Ltd	SG	Hotel Paris Opera	FR	€ 244	268
Undisclosed	ES	BG Portinatx Beach Club Hotel Ibiza	ES	€ 60	243
Undisclosed	UK	Hampton by Hilton Barcelona Fira Gran Via	ES	€ 50	241
Navis Capital	ES	Be Live Experience Lanzarote Beach	ES	Undisclosed	237
Undisclosed	ES	Hotel Eurostars Lucentum Alicante	ES	€ 29.9	169
Andras House	IR	ETAP Belfast	IR	£ 7.35	146
Buxani Group	SG	Highland Hotel Inverness	UK	Undisclosed	134
House of Julius Meinl	AT	Ambassador Hotel Bucharest	RO	€ 35	130
Grupo Fuertes & Satocan	ES	Hotel Tenerife Golf & Sea View	ES	Undisclosed	120
Sono Hotels & Resorts	KR	Hotel Dame des Arts Paris	FR	€ 120	109
Azora Capital	ES	2 Hotels in Brussels	BE	€ 18	100

TRANSACTIONAL ACTIVITY MAR '24

Real Estate Transactions

Buyer(s)	Country	Target	Country	Deal Size (mm)	No. of keys
NUMA Group & New World Hospitality Group	DE & UK	Bedford Corner Hotel London	UK	Undisclosed	86
Limestone Capital	CH	Luxury Resort in Sardegna Costa Smeralda	IT	Undisclosed	63
Lucy & Felix Ingham	UK	Glenpark Hotel Ayr	UK	Undisclosed	21
Complete Hospitality	UK	White Rose Hotel Yorkshire	UK	Undisclosed	12
LondonMetric Property Plc	UK	LXi REIT	UK	£ 1,900	n/a
Best Hotel Properties	SK	8-Hotel Portfolio in the Czech Republic	CZ	€ 173 (50% Stake)	n/a
Swiss Finance & Property Group	CH	Redevco 'Next Gen Stays' Seed Portfolio	PT & ES	Undisclosed (Majority Stake)	n/a
Haven	UK	Holivans Caravan Park	UK	Undisclosed	n/a

TRANSACTIONAL ACTIVITY MAR '24

Corporate Transactions

Buyer(s)	Country	Target	Country	Deal Size (mm)	Deal Type
Hilton Hotels & Resorts	US	Graduate Hotels	US	\$ 210	Brand Acquisition
Best Hotel Properties	SK	8-Hotel Portfolio in the Czech Republic	CZ	€ 173	Minority Stake (50%)
Consortium led by Kinnevik	SE	Mews	CZ	\$ 110	Funding Round
Consortium led by Susquehanna PE Investments	US	Blueground	US	\$ 45	Series D Funding Round
Lindner Hotel Group	DE	5 Hotels managed by 12.18. Asset Management	DE	Undisclosed	Brand Acquisition
HUSWELL	BE	Grandes Villas de France	FR	Undisclosed	Platform Acquisition

AHV INDEX PERFORMANCE

The AHV Hospitality Index is a market-cap weighted index of 20 hotel companies with a significant European presence; the 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

Company Name	Price Change (MoM)	Price Change (YoY)	Market Cap (€ mm)	EV (€ mm)	EV/Revenue (FY+1)	EV/EBITDA (FY+1)	Net Debt/EV
Accor	8.0%	44.5%	10,703	12,410	2.3x	11.3x	14%
Airbnb	4.8%	32.6%	94,684	87,490	8.3x	22.7x	(8%)
Choice Hotels	12.9%	7.8%	5,506	7,037	4.7x	12.8x	22%
Covivio Hotels	0.3%	(7.2%)	2,392	6,030	11.8x	19.7x	60%
Dalata Hotel Group	(0.1%)	7.5%	971	1,880	2.8x	7.7x	43%
Fattal Holdings	(3.3%)	40.9%	1,903	7,091	4.1x	12.6x	73%
Hilton Worldwide	4.4%	51.4%	49,180	57,823	5.6x	18.5x	15%
Hyatt Hotels	3.9%	42.8%	14,581	16,873	2.6x	14.8x	14%
IHG	(1.4%)	58.6%	15,776	17,791	8.4x	16.2x	11%
Mandarin Oriental	7.1%	(18.7%)	1,901	2,225	6.5x	14.6x	15%
Marriott International	1.0%	52.0%	66,207	77,728	3.3x	17.0x	15%
Melia Hotels	9.1%	25.4%	1,584	4,250	2.2x	8.6x	63%
NH Hotel Group	(6.8%)	18.4%	1,858	4,070	1.8x	6.6x	54%
Pandox AB	15.2%	38.9%	2,855	5,853	9.6x	18.0x	51%
Pierre et Vacances	5.1%	(22.5%)	577	3,360	0.3x	3.3x	83%
PPHE Hotel Group	6.8%	29.5%	689	1,880	2.9x	9.1x	44%
Scandic Hotels Group	19.9%	79.8%	994	4,940	2.5x	8.1x	80%
Sonder Holdings	(44.8%)	291.0%	31	1,530	0.0x	(0.2x)	40%
Whitbread Plc	0.3%	10.9%	7,031	11,670	3.5x	9.8x	40%
Wyndham	0.3%	13.1%	5,567	7,547	5.6x	11.9x	26%
Average					4.4x	12.2x	
Median					3.4x	12.2x	

Metrics reported in the table include impacts of IFRS 16

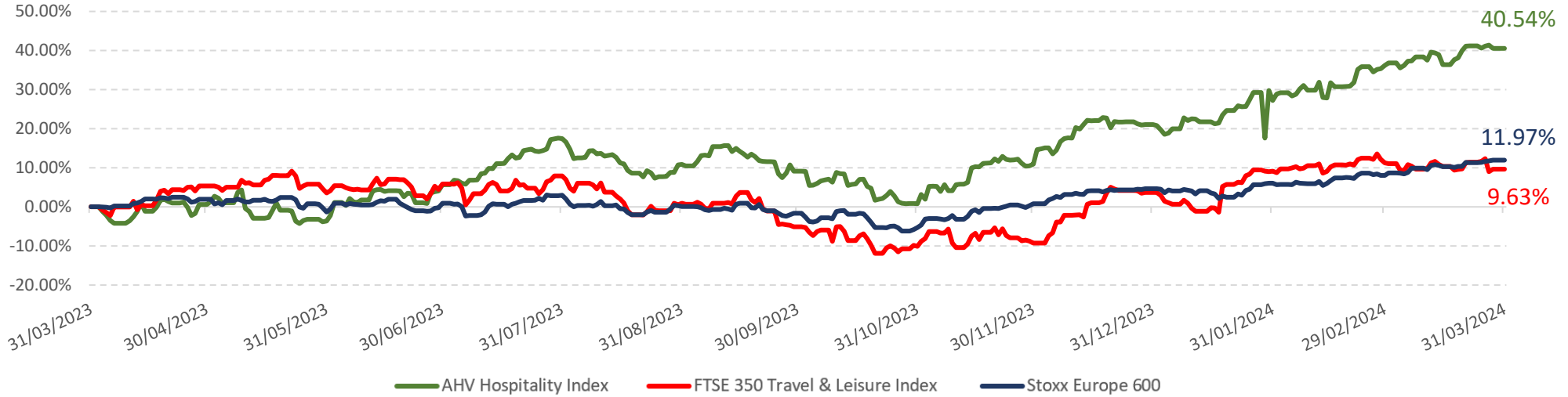
Trading performance of hotel companies included in the AHV Index as of 31/03/2024

Source: Yahoo Finance, Market Screener

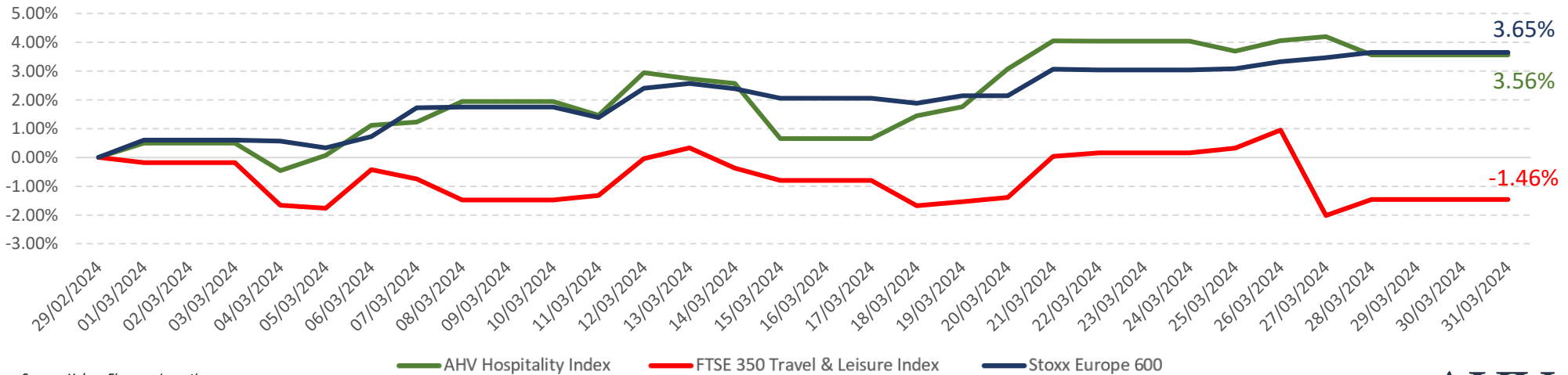
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AHV HOSPITALITY INDEX OUTPERFORMS ON AN ANNUAL BASIS



AHV HOSPITALITY INDEX UNDERPERFORMS ON A MONTHLY BASIS



Source: Yahoo Finance, Investing.com

UK: Travelodge completes acquisition of 66 hotels in £210m deal

Travelodge has completed the acquisition of 66 hotels from its largest landlord for £210m. The group, which operates nearly 600 hotels and employs over 12,000 people, has purchased the properties on a freehold and long leasehold basis from LXI REIT plc. The portfolio includes Travelodge-branded hotels in London, regional city centres across Birmingham, Bath, Leeds and Liverpool, and roadside locations. Travelodge has paid £35m towards the deal with extra funding contributed by its owner, GoldenTree Asset Management.

UK: Backing for Splendid

Lenders OakNorth and HSBC have agreed a £232m club loan with Splendid Hospitality Group. The refinancing will support capex including an extension at the Hilton London Bankside. Splendid has a portfolio of 24 properties around the UK, many trading under IHG, Marriott, Accor, and Hilton flags.

Aprirose buys ground rents of three hotels from Lloyds Pension Fund

Aprirose has completed the purchase of the ground rents of three hotels in the UK from Lloyds Pension Fund. The real estate investment company has acquired the ground rents of Oulton Hall in Leeds, Slaley Hall in Northumberland and Crewe Hall in Cheshire. The hotels are part of the QHotels portfolio, a portfolio which comprises 20 assets across the UK and is owned by a joint venture partnership between Aprirose and Beijing-based international private equity firm Cindat Capital Management.

UK: £250m GDV Central London Hotel Scheme Comes to the Market

Affiliates of H.I.G Capital to explore the sale of the freehold of Morley House, a hotel development site with GDV for in excess of £250m. The scheme proposes the demolition of the existing building and development of a hotel with 11 floors over ground on the site of 26-30 Holborn Viaduct.

UK: Schroders Capital raises initial £100 million for UK hotels fund

Schroders Capital has secured an initial £100 million commitment for a dedicated UK Operating Hotels strategy. Following its Schroders Capital European Operating Hotels Fund which closed above its fundraising target at €525m in 2021, the new Schroders Capital UK Operating Hotels strategy will extend the firm's presence in the UK market

UK: Vertus adds serviced apartment buildings

Vertus, the BTR arm of Canary Wharf Group, has expanded its offer with two new serviced apartment buildings at 3 and 15 West Lane. Designed by HTA Design, the buildings will provide 378 studio apartments available for short-to-medium stays. 3 and 15 West Lane are scheduled for completion in December 2024, opening the doors to its first guest stays in January 2025.

FR: Paris purchase

Singapore investor CDL has bought the Hilton Paris Opera hotel from Blackstone. It has paid €244m for the 268 room asset. Blackstone owned the hotel for more than a decade, held in its Blackstone Real Estate Partners (BREP) Europe IV fund.

FR: Sono Hospitality buys 109-bed Hotel Dame Des Arts in Paris

Sono Hospitality has purchased the Hotel Dame Des Arts in Paris from New York-based equity fund Angelo Gordon & Co. The 109-bed opened its doors in early 2023 following an extensive renovation program. Sono Hospitality is the European arm of Korean Sono International. The purchase – which is said to be priced at around \$118.8m, according to MSCI Real Capital Analytics - marks Sono's entry into the European hotel market.

IT: Limestone added resort on Costa Smeralda to Italian portfolio

Limestone Capital AG acquired a luxurious resort hotel on Sardinia's Costa Smeralda, marking an addition to its growing portfolio of four hotels in Italy. With this strategic acquisition, Limestone aims to elevate the property to a modern 5-star standard and enhance operational performance to drive profitability. The luxurious five-star resort is set to open in May 2024 under the Aethos brand. The hotel will have a total of 63 rooms and suites.

SP: Grupo Fuertes and Satocan Acquire the Tenerife Golf Hotel

Fuertes Group, a leading business conglomerate in Spain and owner of over twenty companies, and Satocan, active in the main sectors of Canary Islands, have come together to purchase the Tenerife Golf Hotel, a 4-star establishment located right by the sea in San Miguel de Abona, previously owned by Tecamira (Vincci Hoteles). The accommodation, with 125 rooms, will undergo a complete renovation.

SP: Millenium sells Lucentum hotel in Alicante for €29.9M

Spanish REIT Millenium Hospitality Real Estate has sold the 4-star, 169 room Hotel Eurostars Lucentum in Alicante for €29.9m to an undisclosed buyer. According to the REIT, the transaction has generated an estimated capital gain of €7m.

SP: ASG sells Hampton by Hilton Barcelona Fira hotel for €50M

The Hampton by Hilton Barcelona Fira has 11 floors, 241 rooms and opened its doors in 2021, has been acquired by a British family office.

SP: BG Hotels sells the Beach Club Hotel Portinatx in Ibiza for €60M

The purchase belongs to a Spanish family of international hotel businesses, who will carry out a comprehensive refurbishment of the 243-key hotel to reposition it and turn it into a benchmark in the hotel industry.

POR & SP: Redevco and SFP Group form €300m Iberian hotel JV

Redevco and Swiss Finance & Property Group (SFP Group) have formed an Iberian hotel Joint Venture. Following a first close, a fund managed by SFP has indirectly taken a majority stake in 'Next Gen Stays,' currently comprising a seed portfolio of six assets in Portugal and Spain in Lisbon, Porto, Bilbao, Malaga, and Seville. The strategy is targeting a net levered IRR of 15%+ over five years and aims to build up a portfolio of around €300m.

GER: Lindner Hotel Group and 12.18. Group merge operations

The Lindner Hotel Group (LHG) has taken over the operation of five hotels previously managed by the 12.18. Group (12.18.). LHG's portfolio will grow from two to four brands. 12.18. will focus on real estate activities. The takeover strengthens LHG's position as an operator and lessee of hotel real estate. In addition to expanding its brand portfolio, it is now active in three other countries: Italy, UK and USA. As a result of the takeover, LHG will increase its turnover by around €90m and add more than 1,000 rooms to its portfolio. LHG will now operate 35 hotels in eight European countries and the USA, with six additional hotels in the pipeline.

GER: Feldberg and Die Mehrwertbauer acquire Hotel Ambiance Rivoli in Munich

A joint venture between German real estate investor Feldberg Capital and Berlin-based developer and investment manager Die Mehrwertbauer have acquired the 4-star, 66-room Hotel Ambiance Rivoli in Munich, Germany, for conversion to residential flats. The 4,000sqm hotel sits on an 840sqm site in the centre of the Munich-Sendling area, near Harras and Albert-Rosshaupter-Strasse. The total investment volume, including the development programme, amounts to an estimated €20m and a long-term lease has been secured with a "public sector user" ahead of reopening.

NED: Mews raises \$110 million reaching unicorn status

Mews the industry leading hospitality cloud has become a unicorn, valued at \$1.2bn following its latest funding round of \$110m from existing and new investors. The \$110m funding was led by existing investor Kinnevik, alongside Revaia, Goldman Sachs Alternatives, Notion Capital, and new investor LGVP. Mews plans to use the funds for global expansion, research and development, and acquisitions. Richard Valtr, Mews founder, said: "We're seeing a fundamental shift in the way the world's leading hospitality brands are accelerating their digital transformation and reshaping the way they deliver hospitality."

SCO: Henderson Park to invest £35m in refurbishment of The Caledonian

Henderson Park and Klarent Hospitality are set to invest over £35m in the refurbishment of Waldorf Astoria Edinburgh – The Caledonian. Following their acquisition of the 241-room hotel in July 2023 in a deal understood to be worth around £85m, Henderson Park and Klarent plan to commence a refurbishment programme which will expand the hotel's capacity to over 300 rooms by early 2026. The hotel - which is the third Edinburgh hotel in Henderson Park's Klarent Hilton portfolio - will become part of Curio Collection by Hilton this summer.

SCO: Virgin Hotel Glasgow brought to market

The lifestyle Virgin Hotel Glasgow has been brought to market following the property's closure four months after opening last year. The property's owner, Lloyd Developments, fell into administration in early December. Whilst Virgin Hotels operated the site, its parent company Virgin Group attempted to acquire the site in order to keep it in operation. The offer was not accepted by the lenders. Savills is now marketing the hotel at 264 Clyde Street, which features 165 bedrooms with capacity for up to 242.

BEL: Azora Capital adds two Brussels hotels to portfolio

A consortium of Belgo-Luxemburg investors completed the sale of two hotels located in the Ixelles district for c.€18m (c.€180,000 per key). Both properties will be rebranded to operate under the Latroupe hostel brand owned & operated by Azora Capital as part of its Living portfolio.

ALB & SER: Affinity Partners plans to develop hotel assets worth over \$1bn

Affinity Partners is in advanced talks on three property development investments in the Balkans that could be worth over \$1bn, according to a report by Bloomberg. The private equity firm owned by Donald Trump's son-in-law Jared Kushner plans to build a luxury Aman branded eco-resort community in Albania's Sazan Island, develop Albania's Zvërnec Peninsula with the addition of several resorts – almost 10,000 keys - and transform three abandoned blocks in Belgrade, Serbia into a luxury hotel with commercial space and more than 1,500 residences. Saudi Arabia's Public Investment Fund invested heavily into Affinity Partners at the time of its inception in 2021, making up \$2bn of commitments of over \$3bn at the time. The company currently has \$3.1bn of assets under management.

GR: Hotel Transactions in Greece in 2023 Reach €300m

Reflecting a strong investor interest in Greece, hotel transactions in 2023 reached a value of €300m, the third highest growth rate in Europe, according to the "Market Beat Europe – Hospitality Full Year 2023" report released by Cushman & Wakefield (C&W). More specifically, the value of hotel transactions carried out last year was up by 23% compared to 2022 that totalled €200m.

CZ: CPIPG sells 50% stake in eight hotels, CPI Hotels.

Luxembourg-based CPI Property Group (CPIPG) is selling a 50% stake in a subsidiary that owns eight hotels in the Czech Republic as part of a joint venture with Slovakia-based Best Hospitality Properties (BHP). BHP will also take a 50% stake in the CPI Hotels management company. The gross transaction value was approximately €347 million, with a 50% stake totaling €173 million. CPIPG and BHP entered into a long-term JV agreement to manage the investment, and CPI Hotels will continue to operate the hotels. CPIPG expects to use the proceeds to pay off debt and the JV will look to expand its hotel business.

RO: Julius Meinl to purchase Bucharest's Ambassador hotel for €35m

House of Julius Meinl is close to completing the purchase of the Ambassador hotel, one of the most famous hotels in Bucharest. The Austrian group is preparing to invest c. €35m in the acquisition and bringing the entire hotel up to the 4-5 star standard. Upon the completion of the transaction, the plan is to create around 130 accommodation spaces, out of which 40% will be double rooms. The expectation is to obtain the necessary approvals from the mayor's office for the project by the end of the year. Half of the building is owned by Ambassador SA and is operated as a tourist reception structure with 99 accommodation spaces.

EU: European Transactions by Value Sold Reach €17bn in 2023

Overall in Europe, the value of hotels sold off in 2023 came to €17bn, as per Cushman & Wakefield. Leading the way, Spain with the value of hotel transactions there in 2023 reaching €4.2bn up by 44% from €2.9bn in 2022. Next in line was France with the volume of sales reaching €3.1bn up from €2.4bn in 2022 marking a 26% increase year on year and in third spot the UK – together all three markets accounted for 59% of European transaction volume in 2023 values at €10bn, up by 7% 2022. Among the Top 10 markets, Spain, France, and Greece marked the largest increases over 2022.

EU: JLL: Hotel Investments in Europe between +15% and +25%

According to recent research conducted by JLL, European investment volumes in 2024 are expected to grow by 15% to 25% compared to 2023. The latest Global Hotel Investment Outlook by JLL Hotels & Hospitality Group found that urban markets are among the most attractive for hotel investments: indeed, 84% of hotel investors surveyed for the 2023 Hotel Investor Sentiment Survey anticipate allocating most of their capital to urban markets over the next 12 months. The report forecasts positive growth in revenue and global hotel investments for the coming year, thanks also to scheduled events, an increase in international travel, and improvements in capital market conditions.

INT: Starwood SPAC listing

Starwood Capital has revealed plans to list a new hotel vehicle via a SPAC listing in the US. The new company will launch by acquiring two 1 Hotel properties in New York, and the De Vere portfolio in the UK. The hotels combined generated \$52m of net income in 2023, expected to rise to \$62m.

INT: citizenM explores potential sale of stake in hotel business

The owners of boutique hotel brand citizenM are reportedly exploring options for its portfolio, including a potential sale of the business. According to the Financial Times, citizenM is working with advisers Morgan Stanley and real estate investment bank Eastdil Secured to explore options for the brand. Discussions are reportedly at an early stage with citizenM potentially pursuing “the sale of a minority stake”. The value of citizenM could be worth around \$4bn in a deal, said a spokesperson close to the matter. Founded by Rattan Chadha, citizenM raised \$1bn in 2021 from Singaporean sovereign wealth fund GIC, Dutch pension fund APG Asset Management, and investment firm KKR Capital. APG is the largest shareholder of citizenM with GIC acquiring a 25% stake in the business in 2019 at a value of \$2.3bn.

INT: Blueground secures \$45m in Series D funding round

The funding round was led by private growth equity firm Susquehanna Private Equity Investments, with participation from other backers, including WestCap, whose managing partner, Laurence Tosi, is a former CFO of Airbnb and an investor in Sonder. Blueground has also secured a debt facility from Barclays with participation from Morgan Stanley, Deutsche Bank and HSBC, which replaces and upsizes the \$40 million debt facility which the company obtained from Silicon Valley Bank [prior to its collapse last year] three years ago. Blueground aims to use the funding to accelerate the development of its technology and strategic initiatives, as well as to integrate its most recent acquisitions, as it targets a potential initial public offering [IPO] in the future.

INT: SPAC for Murano

London-based Murano Global Investments has completed a SPAC listing in the USA. Shares in the business, which specialises in developing hotels in Mexico, will start trading today. Murano merged with HCM Acquisition Corp. Murano’s portfolio includes the Andaz and Mondrian in Mexico City, plus a Cancun resort opening shortly under Hyatt’s Vivid and Dreams brands.

INT: Choice Hotels Abandons Hostile Takeover Bid of Wyndham

Choice Hotels International executives have abandoned a hostile takeover bid of competitor Wyndham Hotels & Resorts, stating the shareholder response to an exchange offer did not offer a path to success. The hotel franchising company also withdrew its slate of candidates for Wyndham’s board of directors and is refocusing capital on a share-repurchase program, increasing that from 1.8m shares to 6.8 m.

INT: Hilton to acquire Graduate Hotels brand from AJ Capital

Hilton has agreed to acquire the Graduate Hotels brand from AJ Capital Partners. Hilton will pay \$210m to acquire all rights to the Graduate brand worldwide, enter into franchise agreements for all existing and signed properties in the pipeline, and become responsible for the brand’s future development and growth. AJ Capital will remain the owner of more than 35 operating and pipeline Graduate properties.

INT: KSL closes \$2B fund

KSL closes \$2B PE fund. Denver-based KSL Capital Partners has completed the final closing of its latest travel and leisure-focused private equity fund, KSL Capital Partners VI, L.P., which closed on approximately \$2bn in capital commitments. The fund is backed by state and corporate pension funds, sovereign wealth funds, endowments, foundations, insurance companies, asset managers and family offices. Since October 2001, KSL has raised over \$10.5bn across private equity, credit and tactical opportunities.

UK: Budget 2024: key points for hospitality at a glance

The hospitality industry has been left disappointed by this year's Budget, which failed to deliver the hoped-for cut in VAT. The amount small businesses can earn before they must register to pay VAT will rise from £85,000 to £90,000 from April, the first time the rate has increased in the past seven years. UK-Hospitality chief executive Kate Nicholls tweeted that the increase "may help some micro businesses or highly seasonal independents" but said a reduction in the headline rate of VAT would have done more to unlock growth. Tax relief for properties let out as furnished holiday homes will be scrapped from April 2025. The move is designed to clamp down on Airbnb-style lets and make it easier for local people to find homes in their local community.

UK: Whitbread adds 11 new hotels across Premier Inn and Hub brands

The new openings have taken the hotel group another step closer to achieving its network target of 125,000 rooms across the UK and Ireland. In Ireland, the business opened three new hotels in Dublin City Centre and its first Premier Inn outside of the capital at Cork, growing its presence in the country to six hotels in total and more than 1,000 bedrooms. On the UK mainland, Premier Inn's UK network grew in city centre locations such as Birmingham Exchange Square and Cardiff Stadium as well as popular gateway locations such as Abingdon on the outskirts of Oxford. Central London locations included new hotels in Camden Town, Marylebone, and Hammersmith.

UK: Government announces short-term let controls in England

The UK Government has announced reforms to planning laws that will empower councils in England to make short-term lets in their area subject to a planning process, thus preventing a "hollowing out" of communities. The reforms will grant local councils more powers to control the proliferation of short-term lets in areas where high numbers of listings are said to be preventing local people from finding housing that they can afford to buy or rent.

UK: Office-to-Hotel Investments Continue To Climb Into the New Year

Owners and Operators Seize Opportunities To Expand in the UK Market. High office vacancy rates and a strong rebound in hotel revenues have led to a growing number of office to hotel acquisitions in 2023 with deals up 29% on pre-pandemic levels according to Co-Star.

UK: London could support 600,000 coliving beds

Gerald Eve has found that, while London's potential market for coliving accommodation is 600,000 beds, supply is forecast to reach just 11,500 beds by 2027, highlighting the mismatch between supply and demand within the market. The survey found that, within Zones 2 and 3, the investment yield for existing coliving stock ranges from 4% to 4.75%, reflecting a mix of stock, but recent prime funding deals in London are showing yields of between 4.35% and 4.5%. However, whilst London has a student population or potential market of 370,000 students, there are just 100,000 PBSA beds, representing a significant gap in the market that co-living is primed to fill. The research also uncovered key trends pertaining to coliving tenants. In London, the typical tenant is on an average salary of £37,375 per annum, renting for a term of 12 months, with 46% of tenants from overseas. And, whilst the capital's typical coliving tenant has an average age of 28, the age range of coliving tenants is from 17 to 67 years old.

UK: NUMA debuts in the UK with signing of London site

NUMA Group has entered the UK market, partnering with management company New World Hospitality Group to launch NUMA Bloom in the former Bedford Corner Hotel in London. The 86-unit property is located in the centre of Bloomsbury. The hotel will be upgraded to integrate NUMA technologies, allowing guests to use their smartphones to check in, check out, open their room doors and communicate with NUMA's digital guest service team 24 hours.

UK: Bob W launches sixth London property

Tech-enabled hospitality operator Bob W has launched its sixth property in London, an aparthotel near St Paul's Cathedral. Bob W St Paul's is housed within a mid-20th century building on Watling Street and a Neo-Georgian building on Groveland Court. It features a range of studio, one and two-bedroom apartments, and guests are supported by the Bob W digital front desk and app.

UK: Choice Hotels EMEA grows Clarion portfolio with Shakespeare Country hotel

Choice Hotels EMEA has added Clarion Charlecote Pheasant Hotel in Warwickshire to its Clarion portfolio. The 16th-century property is located just 10 minutes away from Stratford-upon-Avon and is one that promises to come with authentic experiences under its newly refreshed Clarion brand.

UK: B&B lands in UK

B&B Hotels has signed its first UK property, having targeted the country for expansion. It will brand a 119 room Arora hotel close to London Heathrow airport. B&B has signed a long term lease on the asset with Arora. The hotel was originally built as airline staff accommodation, and more recently operated as a Holiday Inn.

UK: Former Magistrates Court in Liverpool set to become boutique hotel

Plans to convert a former Magistrates Court in Liverpool into a 111-bedroom hotel have been unanimously approved by councillors. Since the closure of the courthouse in 2015, plans were submitted to convert the site into a block of student accommodation, but these were dropped in 2021. Now, under VSHF Developments Ltd's proposal, the Grade II-listed courthouse is set to house 91 bedrooms. Councillors also approved the construction of a five-storey new build, which will be used for an additional 20 bedrooms.

UK: Leeds coliving scheme gets green light on appeal

Proposals for a 78-unit coliving scheme at a grade II-listed former library in Leeds have been approved at appeal. Plans put forward by Yeme Architects on behalf of developer Parklane Group will add a six-storey extension to the single-storey former Burley Branch Library. Leeds City Council previously consented a similar version of the scheme that featured 60 individual apartments and would have seen the listed library building converted for use as a coworking hub. The appeal scheme would also convert the neo-Georgian library for coworking, but makes amendments to the design of the new-build element of the consented scheme, such as removing balconies. Last year Leeds City Council refused consent for the scheme on the grounds that all but three of the proposed coliving units fell below space standards for a one-bedroom unit with shower room, as set out in the Leeds Local Plan Core Strategy.

UK: Aimbridge adds

Aimbridge EMEA has added the Residence Inn Manchester to its managed portfolio. The 155 room aparthotel reopened under the Marriott flag last year, following extensive refurbishment. The property is owned by Park Hotels Holding and asset managed by Ciel Capital. Dubai-backed Park is looking to take its UK portfolio to 1,000 rooms by the end of 2024, from its current 365 rooms.

UK: Premier Inn to create underground hotel in London

Budget hotel brand Premier Inn is to convert a subterranean car park in central London into a 207-room property. Whitbread, which owns Premier Inn, has secured planning permission to create a hub by Premier Inn hotel underneath The Brunswick Centre in the Bloomsbury area of the UK capital. The site is currently used as a double-storey car park below the Grade II-listed residential and retail building.

UK: Record revenues for Travelodge

Travelodge saw 2023 revenues up 13.7% to £1,035m, with adjusted ebitda up 14.6% to £243.9m. Positive trading has continued into 2024, with first quarter sales 2% ahead. The group opened four hotels during the year, including one in Spain, and expects to open six in 2024. It is accelerating its refit programme and will have 50% of the estate upgraded to its new format by the year end.

FR: MGallery unveils new hotel in Issy-Les-Moulineaux

MGallery unveils a new hotel within a historic estate in Issy-Les-Moulineaux, Paris.

The "Margot" is a historic residence located in Issy-les-Moulineaux, just a few minutes from Paris. The property offers ten premium rooms and suites and has been redesigned by the Society of Priests of Saint-Sulpice alongside the Wilmotte & Associates architecture firm and the Accor group. The site includes a stunning 17th-century building, a restored chapel, and a modern three-storey "Sulpice" building. The hotel offers 83 rooms and suites on the estate, ranging in size from 27m² to 55m².

SCO: Dalata receives council permission for £50m Edinburgh hotel

Dalata Hotel Group has secured planning permission to transform a vacant office building into its first hotel in Edinburgh. The 167-bedroom Clayton hotel will feature a restaurant, bar, meeting rooms and lounges once complete. Dalata acquired in October last year for £12.5m. It is set to receive a total investment of £48m.

SCO: Caledonian rebrand

Edinburgh's Caledonian hotel is to undergo a GBP35m refurbishment and expansion. The property will rebrand to Hilton's Curio Collection later this year. Owners Henderson Park and Klarent Hospitality bought the asset in mid 2023 with Waldorf Astoria branding. An extension will take the property to more than 300 rooms, which should be completed by 2026.

SCO: Point A Scottish move

Point A Hotels has lodged plans to convert an Edinburgh office block to its second hotel in the city. The refurbished block will deliver a 206 room hotel, reports The Herald. Point A backers Tristan Capital Partners and Queensway Group have already acquired the property. The brand currently has seven hotels in London, and one each in Glasgow, Edinburgh and Dublin.

IT: HYATT's Expansion Plans: Negotiations in Rome

Hyatt has recently announced its expansion plans: the pipeline includes the opening of 75 hotel properties in the EMEA region, adding to the existing 206, for a current total of approximately 46,200 keys. The development strategy is also focused on Europe, targeting countries such as Spain, France, and Italy. Embracing an asset-light strategy, the company boasts a global portfolio with 1,300 hotels in 77 countries. In Italy, according to Vice President of Development & Acquisitions for Europe, the group is currently negotiating two deals in Rome, while planning openings in other Italian cities like Florence.

SP: Benidorm ready to build

Benidorm city council is poised to approve a substantial new urban development plan. The scheme includes up to 20 hotels, plus 2,300 apartments, in a range of 20 storey blocks, reports EuroWeekly News. The proposals include a large park, gardens and pedestrian zones. The city already enjoys the highest number of overnight stays of any destination on the Costa Blanca.

GER: TUI flexes to meet demand

Tour group TUI has added 1,000 more European hotels to its summer 2025 inventory. The group will also be offering more flexible stay durations, reports Travel Weekly. TUI says its move reflects growing demand for stays of different lengths than those traditionally booked. The operator said it is seeing more bookings for holidays that are not the typical lengths of seven, 10 and 14 nights. Nine-night stays are the top-selling non-traditional holiday length for this summer, with eight- and 12-night stays showing the most growth compared to last year.

GER: European hostel chain a&o plans €500m expansion

A&O Hostels has revealed plans to invest €500 million towards its European expansion. The company is targeting office and retail conversions in cities such as London, Paris, Rome, Madrid, Lisbon, Berlin, Munich, Prague, and Amsterdam. Currently, a&o's CO2 footprint is 3.73 kilograms per night – reportedly around 80% lower than other brands. The group operates 38 properties in 25 cities across nine European countries, with the most recent property a&o Florence an office conversion to 470 beds.

GER: NUMA reaches €2 billion assets under management

NUMA Group has grown its portfolio to 5,850 units in 32 cities and 14 countries, reaching a total €2bn AuM. Following market entries in France, the Netherlands, the Czech Republic and Switzerland, combined with its expansion in existing markets, NUMA almost doubled the number of units in its managed portfolio in 2023. The acquisition of YAYS from Proprium Capital Partners in November last year also added more than 600 units in the Netherlands, Belgium and France to the NUMA platform – all of which are in operation, as well as in Germany and Spain.

DEN: 25hours Hotels to open second property in Copenhagen this July

Lifestyle hotel brand 25hours is set to open its second hotel in Copenhagen on 27 July 2024. The new-build 25hours Hotel Paper Island offers 128 rooms, an Asian restaurant, a day bar and rooftop bar, and a ground floor function room for groups up to 150. It is located on an island in Copenhagen harbour which was once used as a paper warehouse. Local architects COBE planned the ensemble of buildings, whilst Swedish interior designers from Stylt Trampoli in Gothenburg worked on the hotel.

SWE: Ruby signs Stockholm

Ruby Hotels has signed to launch the brand in Sweden. It will open a 187 room hotel on Stockholm's Kungsholmen island in early 2026. Pension fund-backed investor Alecta Fastigheter will create the hotel from an office block. Designs include a restaurant on the property's eleventh floor, to be managed by a third party operator.

CZ: Prague signing

Accor has signed to add the Mozart hotel in Prague to its Sofitel Legend brand. The historic property will relaunch in 2027, following comprehensive renovation. The hotel will continue to be owned by landlord Courbet, with Accor taking over management. Jean-François Ott, who heads Courbet, bought the hotel in 1999.

BEL: Cardo Brussels Hotel to reopen following renovation by Arountown

Cardo Brussels Hotel, Autograph Collection by Marriott to reopen in Brussels following an extensive renovation of the building by Arountown. The hotel starts welcoming guests now under a Marriott white label and will be fully operational during 2024. The hotel is located in the business district of Brussels. The hotel will offer over 500 rooms of which 46 suites.

GR: Greek Hotels See Turnover Increase to €10.6bn in 2023

Hotels in Greece marked a 22.5% rise in turnover in 2023 to €10.6bn up from €8.6 bn in 2022, according to data released by INSETE, the research division of the Greek Tourism Confederation (SETE). The best performance was recorded among 4- and 5-star and seasonal operation hotels. Seasonal hotels, which operated for 5.7 months on average up from 5.6, marked a 27% in turnover to €8.6bn up from €6.8bn in 2022. Year-round units reported a 9% to €1.9 bn compared to €1.8bn in 2022. 4 and 5-star hotels reported a 24% to €8.2bn euros up from €6.6bn in 2022 while 3-, 2- & 1-star units marked a 19% increase in 2023 to €2.3bn euros up from €1.9bn euros in 2022.

GR: JW heads to Crete

Marriott has signed to launch its JW Marriott brand in Greece. It will open a 160 room resort and spa on the island of Crete in 2025. Marriott is working with local partners Vasilakis SA and SWOT Hospitality. The site for the new build is alongside Marathi Beach, outside the town of Chania.

RO: Mondrian for Bucharest

Ennismore has signed to open a Mondrian hotel in Bucharest, Romania. Local developer One United Properties will build the 100 room hotel on a city centre site it previously acquired. This will be the first Mondrian in eastern Europe, and will address a shortage of luxury hotels in the Romanian capital. Mondrian currently has ten hotels open, and upcoming openings in Tulum, Dubai and Australia's Gold Coast.

EU: Hostelworld picks up

Hostel booking specialist Hostelworld saw a record 6.5m net bookings in 2023. Net revenues were up 34% to €93.3m. The group moved into profit, declaring profit after tax of €5.1m. Average booking value slipped 4% to €14.4, due to a higher proportion of lower priced Asian bookings.

EU: European hotel values at 97 per cent of 2019 levels, shows report

HVS has published its European Hotel Valuation Index (HVI) which reveals an uplift of around 1% in 2023. During 2021 and 2022, the HVI reported value rises of 3.8% and 4.5% respectively. In 2023, the result was an uplift of around 1% which keeps hotel values in Europe at approximately 97% of 2019 levels. The slowdown in recovery is considered to be impacted by the war in Ukraine, the war between Israel and Hamas, and the Chinese economy, as well as increasing operational costs and high interest rates. Hotels in Paris, London, Zurich, Amsterdam and Rome remain the most highly valued across Europe with Geneva, Florence, Milan, Barcelona and Madrid completing the top 10. According to the HVI, hotels in Athens experienced the strongest value double-digit growth in 2023 supported by strong RevPAR. Only Athens, Amsterdam, Dublin and Paris saw values return to pre-pandemic levels, mostly driven by strong average rate performance.

INT: H World beats expectations

H World saw hotel turnover increase 55% year on year in Q4, to RMB20.4bn. Net income for the quarter improved to RMB743m, as ebitda hit RMB1.4bn. Revpar in China recovered to 122% of 2019 levels, with occupancy recovering. The European business saw a 14.5% increase in revpar through 2023.

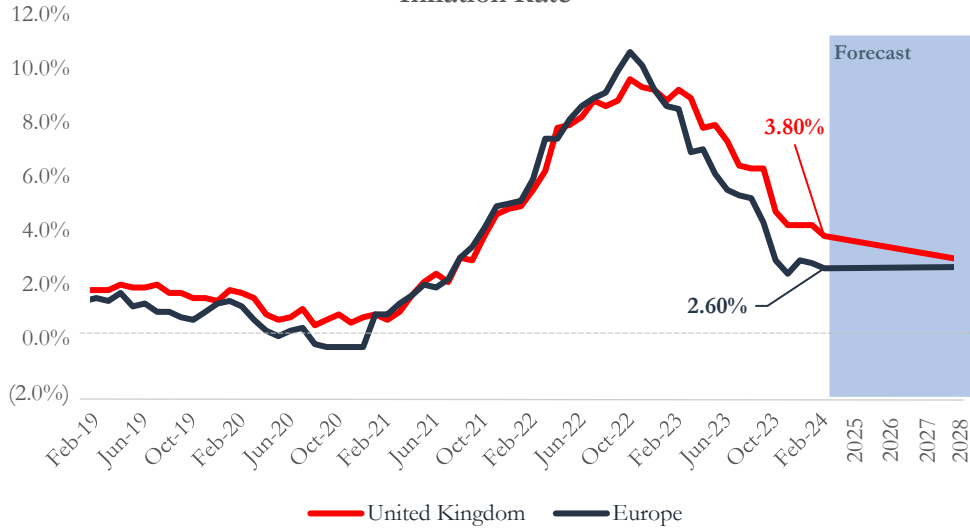
INT: Deutsche rebrand

H World has rebranded its European business Deutsche Hospitality, now called H World International. The division has revealed signings in Thailand and Egypt, under Steigenberger and Maxx brands. In Germany, Steigenberger has also added a hotel in Bielefeld. And economy brand Zleep has added new sites in Bern, opening in 2025, and Goppingen, due to launch in 2026.

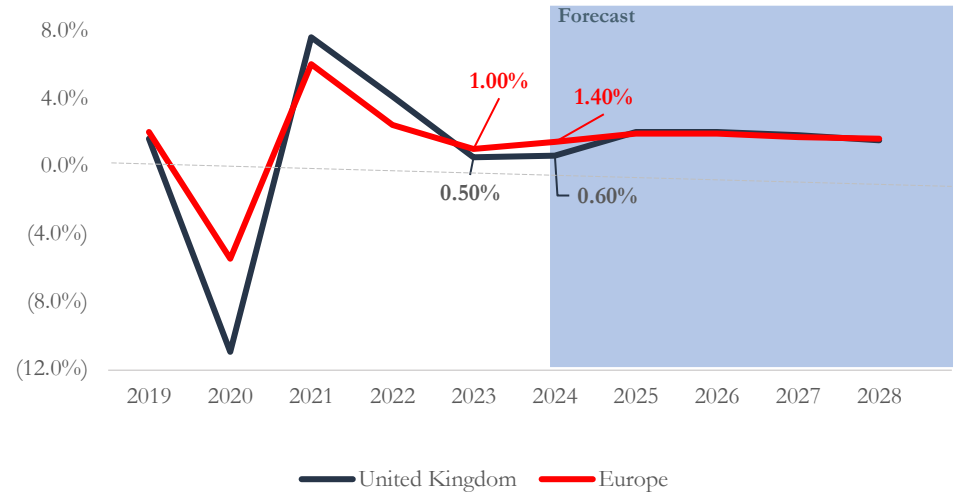
MARKET SNAPSHOT (EUROPE) (1/2)

Macroeconomic Metrics

Inflation Rate ¹

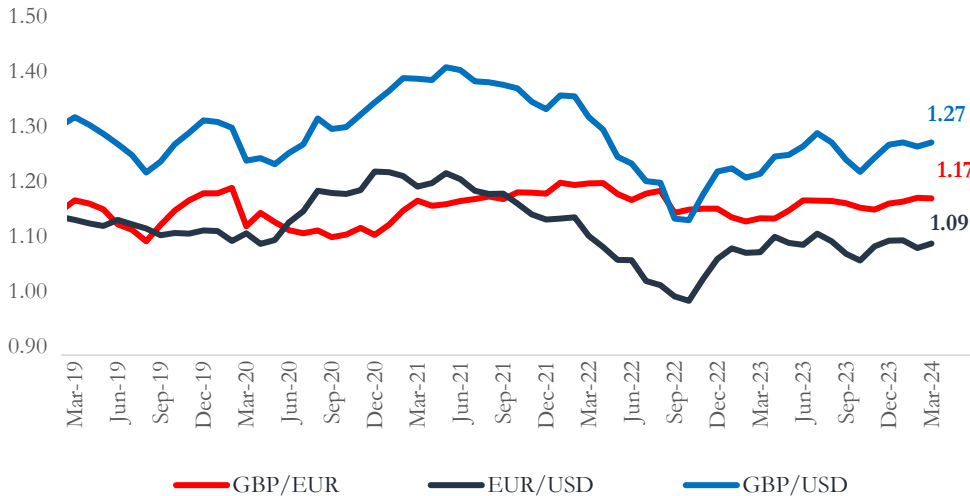


Real GDP Growth Rate



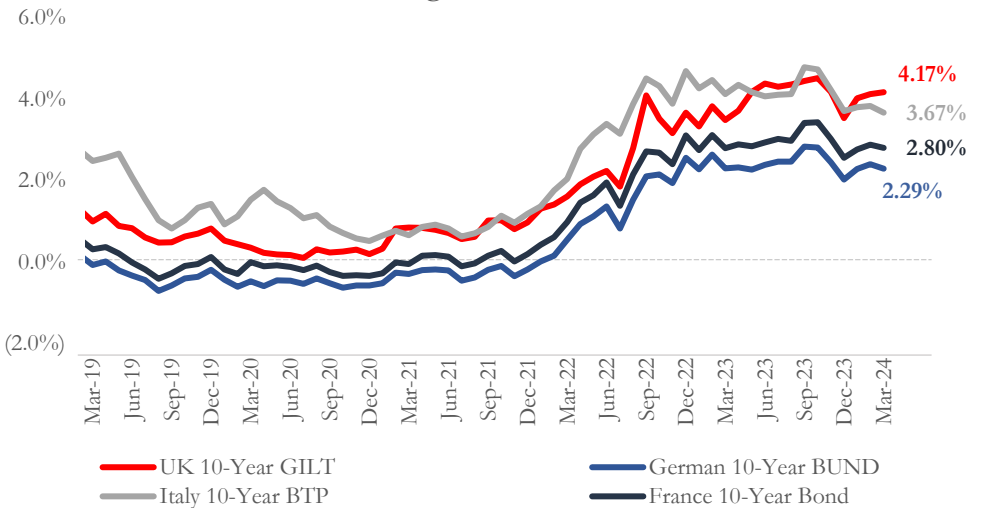
FX Markets

FX Pairs



Fixed Income Markets

Sovereign Bond Yields



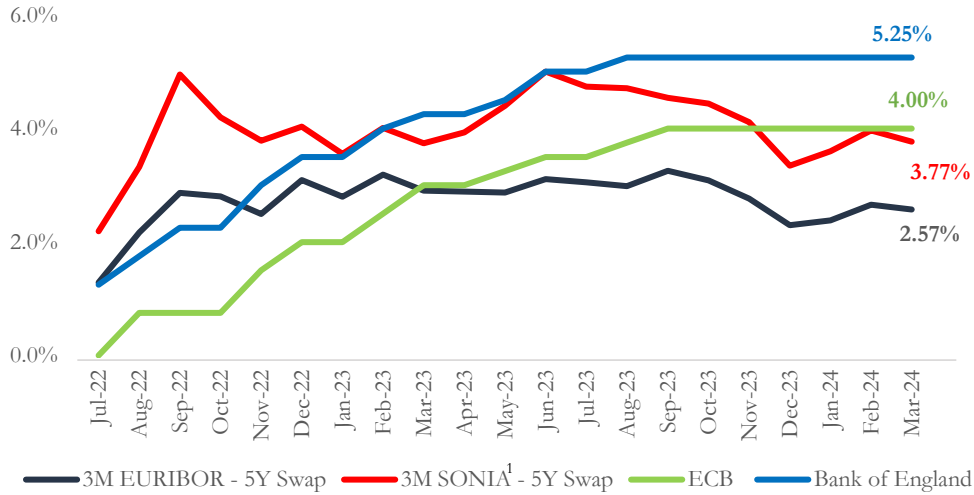
Note(s)

1. Inflation rate measured by CPIH (UK) and HICP (EU) indices

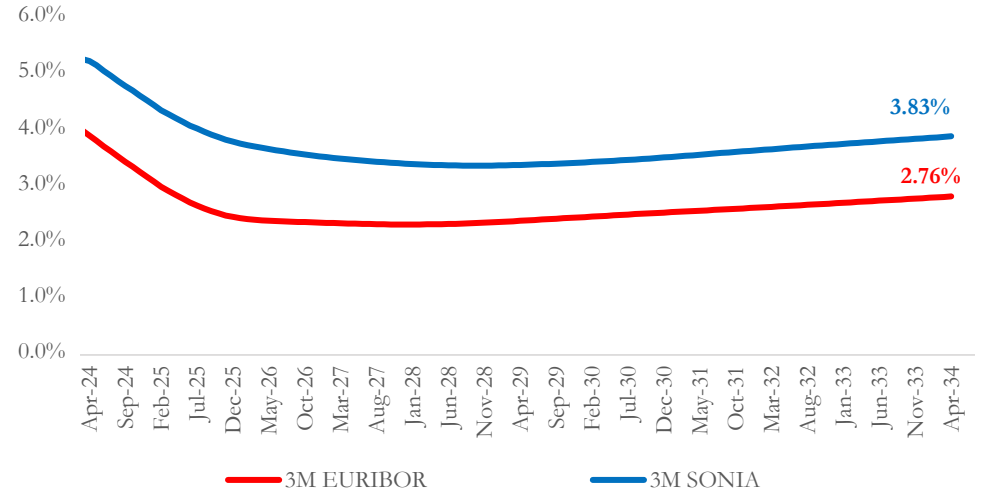
MARKET SNAPSHOT (EUROPE) (2/2)

Fixed Income Markets

Benchmark Rates

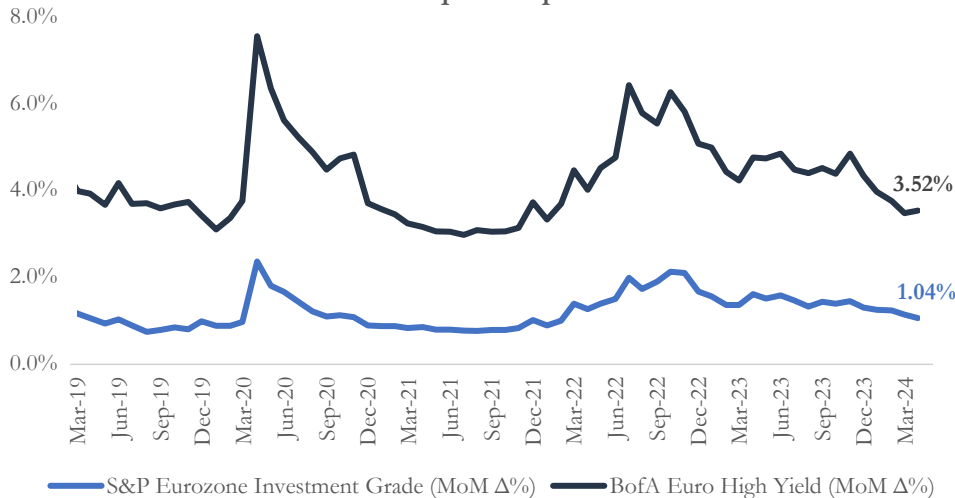


Forward Curves



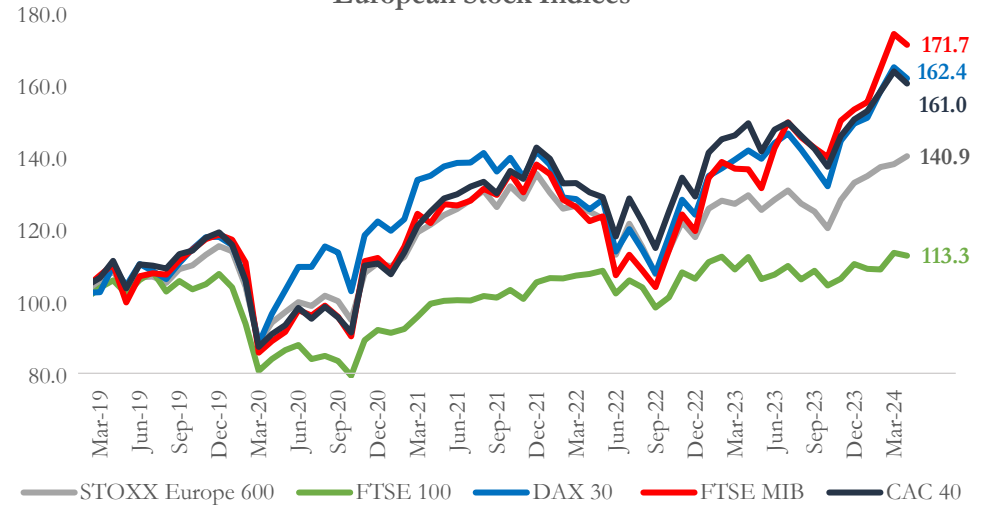
Fixed Income Markets

OAS Corporate Spread ²



Equity Markets

European Stock Indices ³



Note(s)

- SONIA is the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions
- Option Adjusted Spread Corporate Spread aims to capture the different risk premia within the cost of capital incurred by Investment Grade and non-investment grade vs risk-free government bonds
- All Indices were indexed to a 100 with a base year in 1/1/2019

APPENDIX I – CORPORATE TRANSACTIONS (RECENT NOTABLE ACTIVITY)

Date	Buyer(s)	Country	Target	Country	Deal Size (mm)	Deal Type
Mar '24	Hilton Hotels & Resorts	US	Graduate Hotels	US	\$ 210	Brand Acquisition
Mar '24	Best Hotel Properties	SK	8-Hotel Portfolio in the Czech Republic	CZ	€ 173	Minority Stake (50%)
Mar '24	Consortium led by Kinnevik	SE	Mews	CZ	\$ 110	Funding Round
Feb '24	Real Hotels	PT	Amazonia Hotel Group	PT	Undisclosed	Acquisition
Feb '24	Consortium led by Evli Growth Partnership	FI	Bob W	FI	€ 40	Series B Funding Round
Dec '23	Prodea	GR	MHV PLC	CY	Undisclosed	Majority Stake (55%)
Nov '23	NUMA	DE	YAYS Group	NL	Undisclosed	Acquisition
Oct '23	Public Investment Fund	SA	Rocco Forte Hotels	UK	€ 1,500	Minority 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

APPENDIX II – NOTABLE RECENT TRANSACTION ACTIVITY (TOP 30)

Date	Buyer(s)	Country	Target	Country	Deal Size (mm)	No. of keys
Mar '24	LondonMetric Property Plc	UK	LXi REIT	UK	£ 1,900	n/a
Mar '24	Best Hotel Properties	SK	8-Hotel Portfolio in the Czech Republic	CZ	€ 173 (50% stake)	n/a
Mar '24	City Developments Ltd	SG	Hotel Paris Opera	FR	€ 244	268
Mar '24	Sono Hotels & Resorts	KR	Hotel Dame des Arts Paris	FR	€ 120	109
Feb '24	MCR Hotels	US	BT Tower London	UK	£ 275	n/a
Feb '24	Banco Santander	ES	3 Melia Hotels in London, Tenerife & Menorca	UK & ES	€ 300 (38.2% minority stake)	1,099
Feb '24	Sun Venture	SG	Hyatt Place London City East	UK	£ 100	280
Feb '24	Undisclosed	TR	Amanruya Bodrum	TR	€ 69	36
Feb '24	Deka Immobilien	DE	Ruby Zoe Hotel & Bar Notting Hill	UK	£ 53	173
Jan '24	Undisclosed	FR	Sofitel Roma Villa Borghese	IT	€ 75	78
Jan '24	Undisclosed	FR	Sofitel Lisboa Liberdade	PT	€ 75	163
Jan '24	Starwood Capital	US	10 Radisson Blu Hotels	UK	£ 800	2,053
Jan '24	Travelodge	UK	66 Travelodge-branded hotels	UK	£ 210	n/a
Jan '24	Archer Hotel Capital	UK	Hoxton Shoreditch & Hoxton Holborn	UK	£ 215	430
Jan '24	Gruppo Statuto	IT	Mandarin Oriental Paris	FR	€ 205	136

APPENDIX II – NOTABLE RECENT TRANSACTION ACTIVITY (TOP 30)

Date	Buyer(s)	Country	Target	Country	Deal Size (mm)	No. of keys
Jan '24	NH Hotel Group	ES	5-hotel portfolio in Portugal	PT	€ 133.2	974
Dec '23	Van der Valk	NL	Radisson Blu Palace Hotel Spa	BE	Undisclosed	120
Dec '23	Cliste Hospitality & Warren Private	IR	Radisson Blu Hotel Belfast	IR	Undisclosed	120
Nov '23	Dubai based family office	UAE	Hilton Hyde Park	UK	£ 50	136
Nov '23	Lifestyle Hospitality Group	UK	Dean Hotel Group	IR	€ 350	950
Nov '23	Arrow Global Group	UK	Palmares Ocean Living & Golf	PT	€ 115	612
Nov '23	Eagle Hills	UAE	Suncani Hvar Hotel Portfolio	CR	£ 200	n/a
Oct '23	Gruppo Statuto	IT	Six Senses Hotel, Rome	IT	€ 245	95
Oct '23	Arrow Global	UK	Estalagem da Cegonha Algarve	PT	€ 90	137
Sep '23	ADIA	AE	24 Hotel Portfolio	ES	£ 800	7,505
Sep '23	Blackstone	US	Cascade Wellness Resort	PT	€ 50	164
Jul '23	Pandox AB	SE	Hilton Belfast	IR	€ 45.5	202
Jul '23	Olayan Group	ES	Mandarin Oriental Barcelona	ES	€ 220	120
Jul '23	Henderson Park	UK	Waldorf Astoria Caledonian Edinburgh	UK	£ 80	241
May '23	Fattal Hotel Group	IL	Grand Brighton Hotel	UK	£ 60	201

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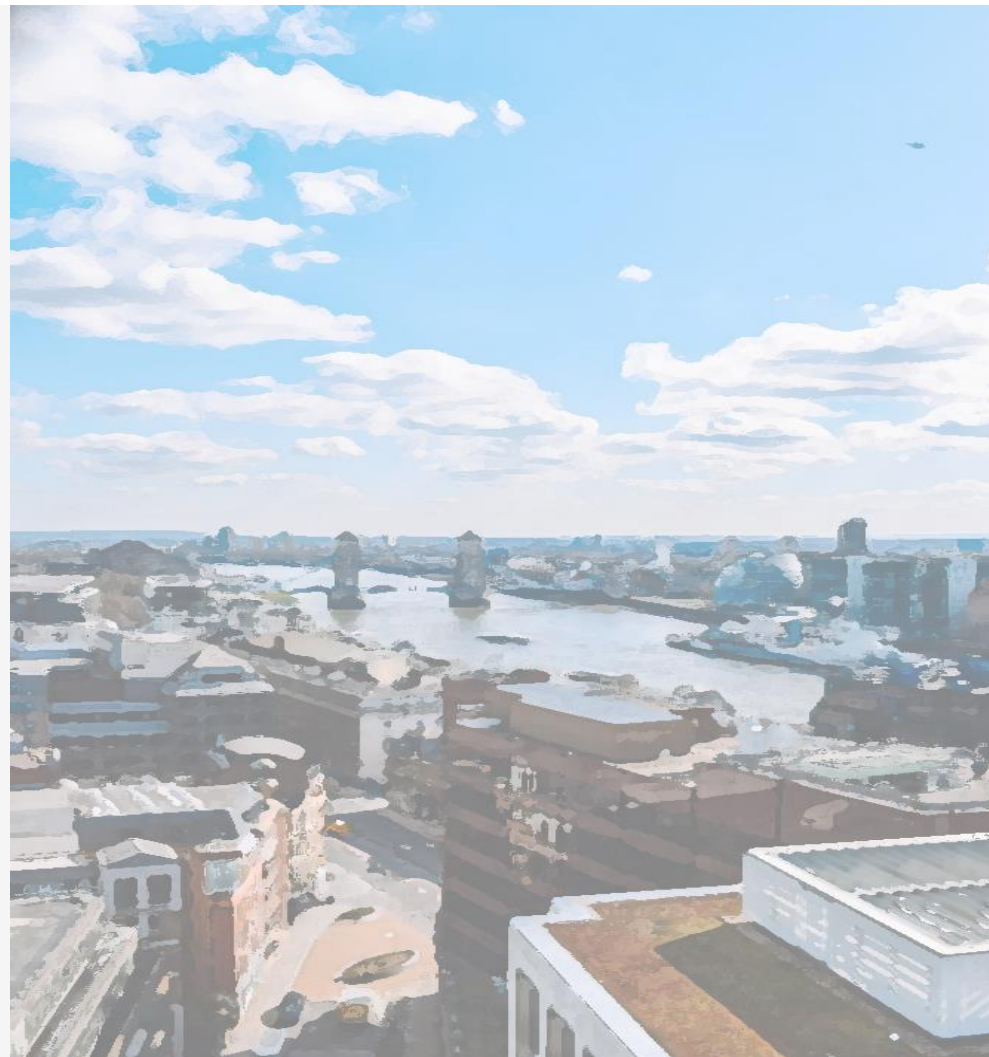
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