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The Hotel Property Handbook 3.0

Investment & Financing Keys

Spain 2018

Executive Summary

May 2018

Financial Advisory I Real Estate & Hospitality

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1 Macro Overview

2017 has been a landmark year for the Tourism Industry, however, there are some uncertainties on the spotlight

- **GDP** growth: **+3.1% 2017** (+2.5% 2018F).
- **Tourism** accounted for 11.2% of the total Spanish GDP 2017, far above EU's average (9.6%). (latest data available).
- **The unemployment rate** in 2017 was 16.4% (vs. 9.1% in the Euro Area). Spain reached 18.9m employees, the best figure since 2008.
- **Tourism-related employments** grew by 4.4% CAGR (2013-2017) and represented 12% of the Spanish employments in 2017.
- Spain attained the world's **1st place in the WEF's Travel & Tourism Competitiveness Index Report (2017)** for the second consecutive time *(published biannually).*

2 Supply & Demand

- **5th consecutive year of historical record in tourist demand:** 81.8 m tourists visited Spain in 2017, +8.6% compared to 2016 (75.3 m). **First signs of growth deceleration during 2017Q4**, from +4.5% in Q3 to 2.9%, due to political uncertainties and progressive recovery of alternative destinations.
- **Hotel Openings** and **full Repositioning** recovery consolidated during **2017** (+74 Hotels and 12,535 rooms), while **Hotel Refurbishments** reached cruise speed after a strong rebound in 2015-2016 (+124 hotels and 17,293 rooms). **Dynamic future supply Pipeline** with +30,600 rooms expected for 2018-2020.
- **Key Performance Indicators** continue their upward trend for the 8th consecutive year, with **+10% RevPAR** growth over 2016 data. **Vacational destinations** evidence a slight RevPAR growth deceleration with +8.8% CAGR 13-17). While **Urban destinations** are on the up, registering +9.3% RevPAR CAGR 13-17.
- >65% of Spanish Hotel supply is obsolete with an avg. age of c. 9.3 years. **Smart CapEx investment (c.€2,200m)** is **top priority for 2018** in order to face the high competitive context and achieve operating metric premiums.

3 Hotel Properties Investment Market

- **Worldwide Hotel Properties** investment **decreased by 10%** in 2017 with €51bn.
- **EMEA investment allocation accounts for 30%** of worldwide activity, registering +5% growth vs. 2016 data.
- **Hotel Properties segment** keeps **gathering momentum in Spain**, registering €3,090m, **+44% over 2016 transaction volume**, accounting for 29% of the total non-residential investment.
- **Optimistic 2018 prospects** with **€2,400m in transaction volume as at 2018YTD**. There is currently an **investment pipeline** in Spain of **€4,200m** expected to be traded in the following months.

4 Financing Activity

- **Strong appetite by Spanish traditional lenders** to finance Hotel Properties on a general basis due market gaining momentum.
- Increasing financing demand for **prime development projects, including refurbishment, repositioning and greenfield.**
- **Caixabank, Santander, Sabadell,** are the most active senior loan facilities providers so far for this asset typology.

5 Key Investment Indicators

4* Hotel Category data	GOP (€k/room) Min. - Max.	Cap. Value (€k/room) Min. - Max.	Yield (€) Min. - Max.
Vacational Hotspots			
Andalusia	€6k - €12k	€60k - €125k	6.50% - 7.75%
Catalonia	€5k - €8k	€50k- €80k	7.00% - 7.75%
C. Of Valencia	€6k - €8k	€60k- €100k	7.00% - 7.75%
Balearic Islands	€6k - €15k	€125k - €150k	6.25% - 7.25%
Canary Islands	€6k - €20k	€120k- €200k	6.25% - 7.00%
Urban Hotspots			
Barcelona	€16k - €22k	€300k - €400k	5.00% - 5.50%
Madrid	€16k - €20k	€250k - €350k	5.25% - 5.75%
Valencia	€10k - €14k	€100k - €180k	6.25% - 6.75%
Malaga	€16k - €20k	€200k - €300k	5.50% - 5.75%
Sevilla	€10k - €14k	€120k - €200k	6.25% - 6.50%

Source: Deloitte

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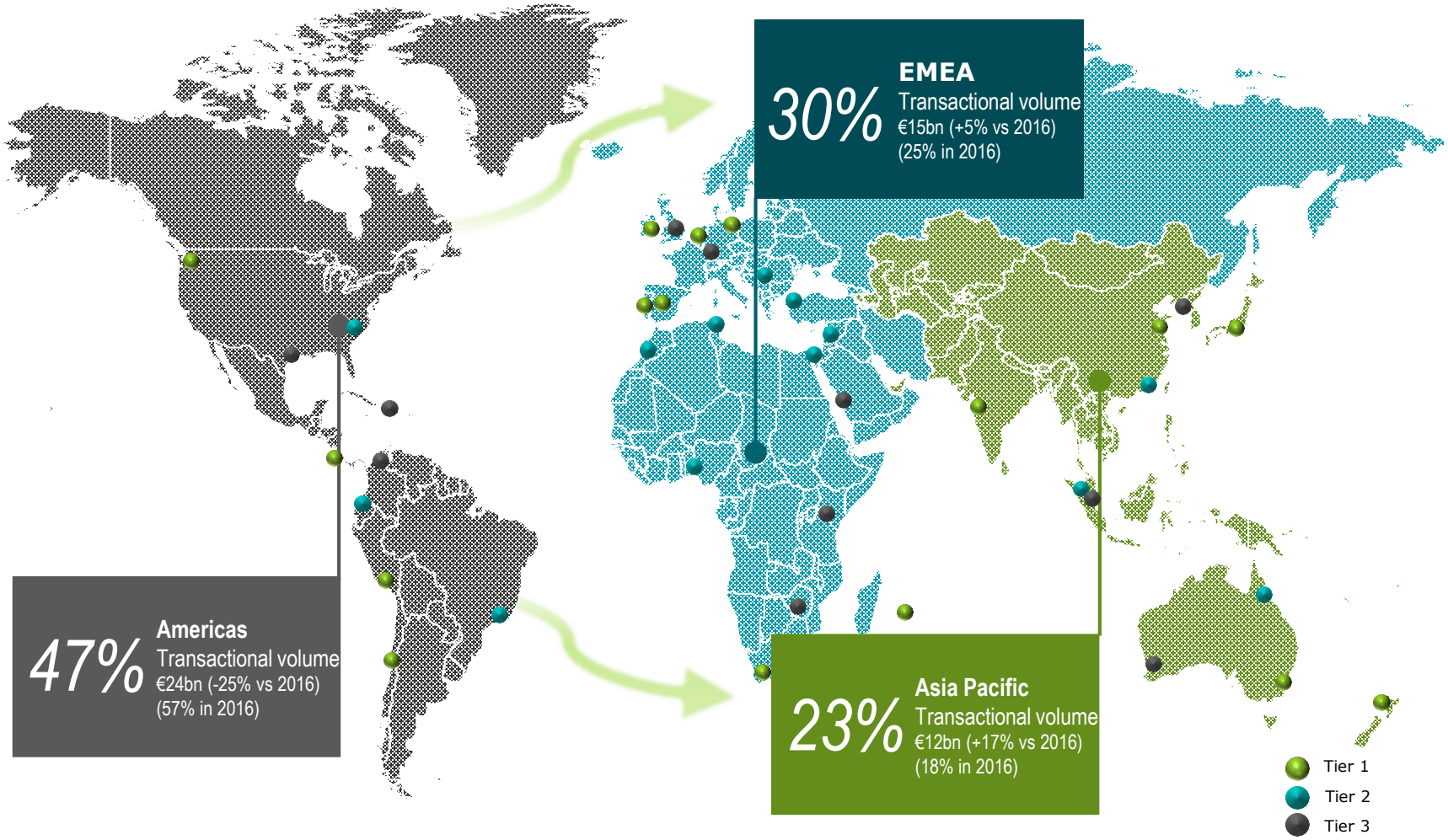
EMEA region with **€15bn** registered, **30% of total international investment.**
2018 -2019 prospects are cautiously optimistic since upcoming challenges are still to be seen.

Hotel Global Investment: The Big Picture

Despite the **over-optimistic context**, the total international investment activity **(€51bn)** has experienced a **10% downturn** when compared to 2016.



Source: Deloitte, RCA

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European Top Buyers and Sellers

Last 24 months

Top 5 Buyers (Last 24 month)	Acq (€)	Props
Fonciere des Murs	€193m	56
Pandox	€1,502m	30
Investment Consortium lead by Kuwait Invest. Auth	€1,486m	5
Fattal Hotels	€1,244m	36
DekaBank	€1,148m	16

Top 5 Sellers (Last 24 month)	Acq (€)	Props
Lone Star	€1,920m	84
Blackstone	€1,872m	53
Starwood Capital	€1,264m	22
Brookfield AM	€875m	11
Invesco	€656m	16

Source: RCA – Real Capital Analytics — Props: Nº of Properties

Investment activity in **European Hotel Properties reached a record high of €15bn in 2017**, representing a **+5%** increase on **2016.**

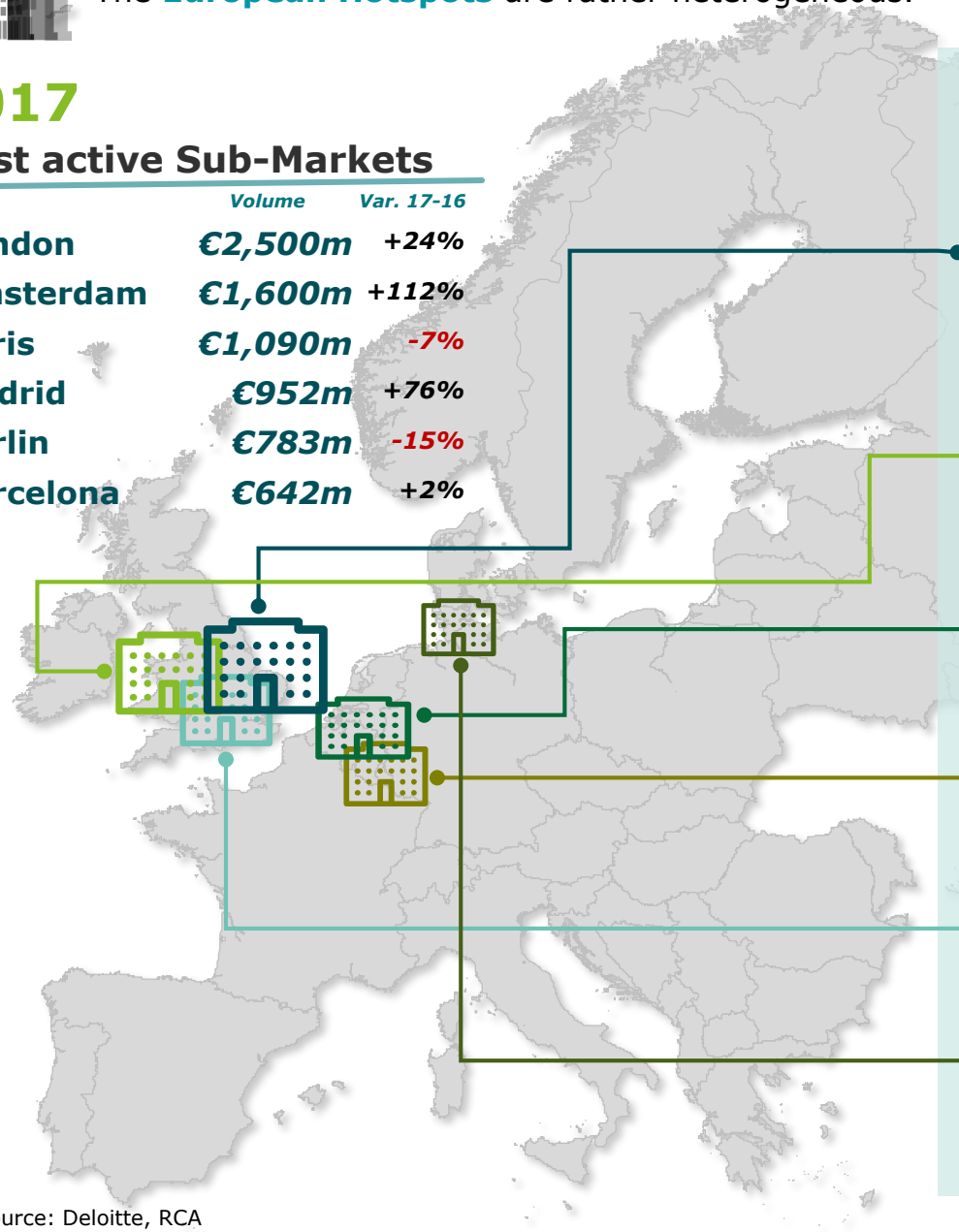
While European Mega-Deals are paving the ground...

The **European Hotspots** are rather heterogeneous.

2017

Most active Sub-Markets

	Volume	Var. 17-16
London	€2,500m	+24%
Amsterdam	€1,600m	+112%
Paris	€1,090m	-7%
Madrid	€952m	+76%
Berlin	€783m	-15%
Barcelona	€642m	+2%



2017 Single Asset Mega-Deals

627 — **Ashkenazy Acquisition** acquires **Grovenor House Hotel** 494 units in London

506 — **Kuwait Investment Authority** acquires **Hilton London Metropole** 1,059 units in London

356 — **Anbang Insurance** acquires **Doubletree Amsterdam** 557 units in Amsterdam

260 — **Deka Immobilien** acquires **W Amsterdam** 238 units in Amsterdam

221 — **Westmont** acquires **Doubletree Westminster** 460 units in Westminster

215 — **Wenaasgruppen** acquires **Bella Sky Comwell** 812 units in Copenhagen

Data: Million €

Source: Deloitte, RCA

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2017 - 2018 Key Insights!

The spotlight reflects cautiously Optimistic forecast due to some geo-political upheavals.

✓ Robust Economic Outlook

- **GDP Growth rates for the Eurozone have beaten expectations with +2.4% in 2017.** This solid growth is set to continue in **2018-19 with +2.3%.**

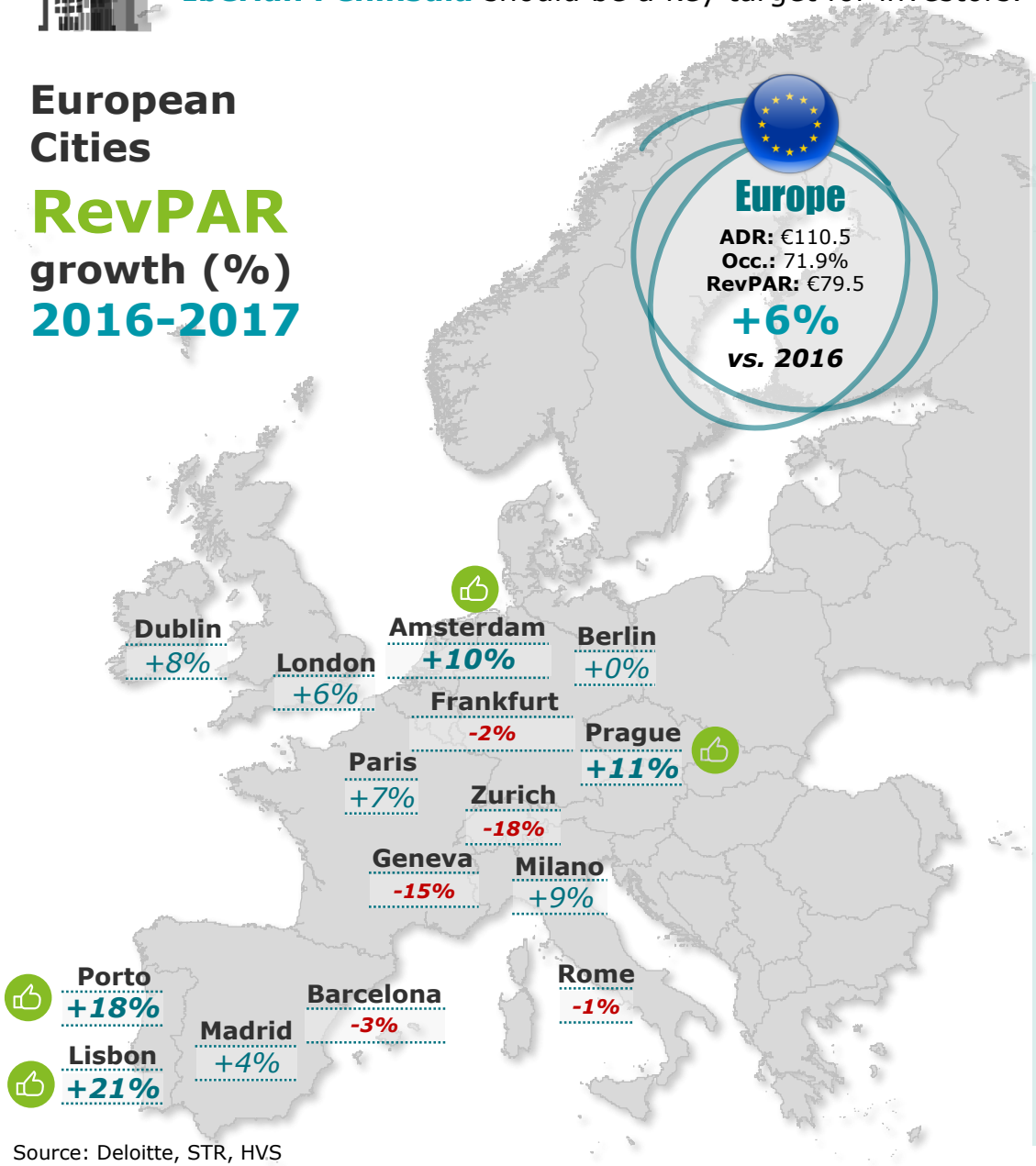
✓ Upsurge of Tourism Dynamics

- **International tourism demand** registered record-Breaking figures with c.**671 million visitors** (+8% 2016), +5% expected for 2019.
- **Southern European** destinations registered a +13% growth of international visitors.
- **The RevPAR solid rise has been underpinned by Europe's hotel Occupancy** level increasing by +10% above the 2008 levels.

Performance remains aligned with investment flow

Iberian Peninsula should be a key target for investors.

European Cities RevPAR growth (%) 2016-2017



2018 RevPAR FORECAST WHO'S UP? WHO'S DOWN?

Outperforming markets	
Madrid	+11%
Porto	+10%
Prague	+10%

Healthy markets	
Dublin	+8%
Amsterdam	+7%
Lisbon	+7%
Milan	+4%
Paris	+4%
Barcelona	+3%
Rome	+2%
Berlin	+1%

Underperforming markets	
Geneva	0%
Frankfurt	0%
London	-4%
Zurich	-4%

Source: Deloitte, STR, HVS

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Europe has experienced a **global yield compression** since 2013, which has resulted in significant **rise in Capital Values**.
Overall, European Values are only 5% below their market peak in 2007.

2018 - 2019
European Hotel Market

Drivers:

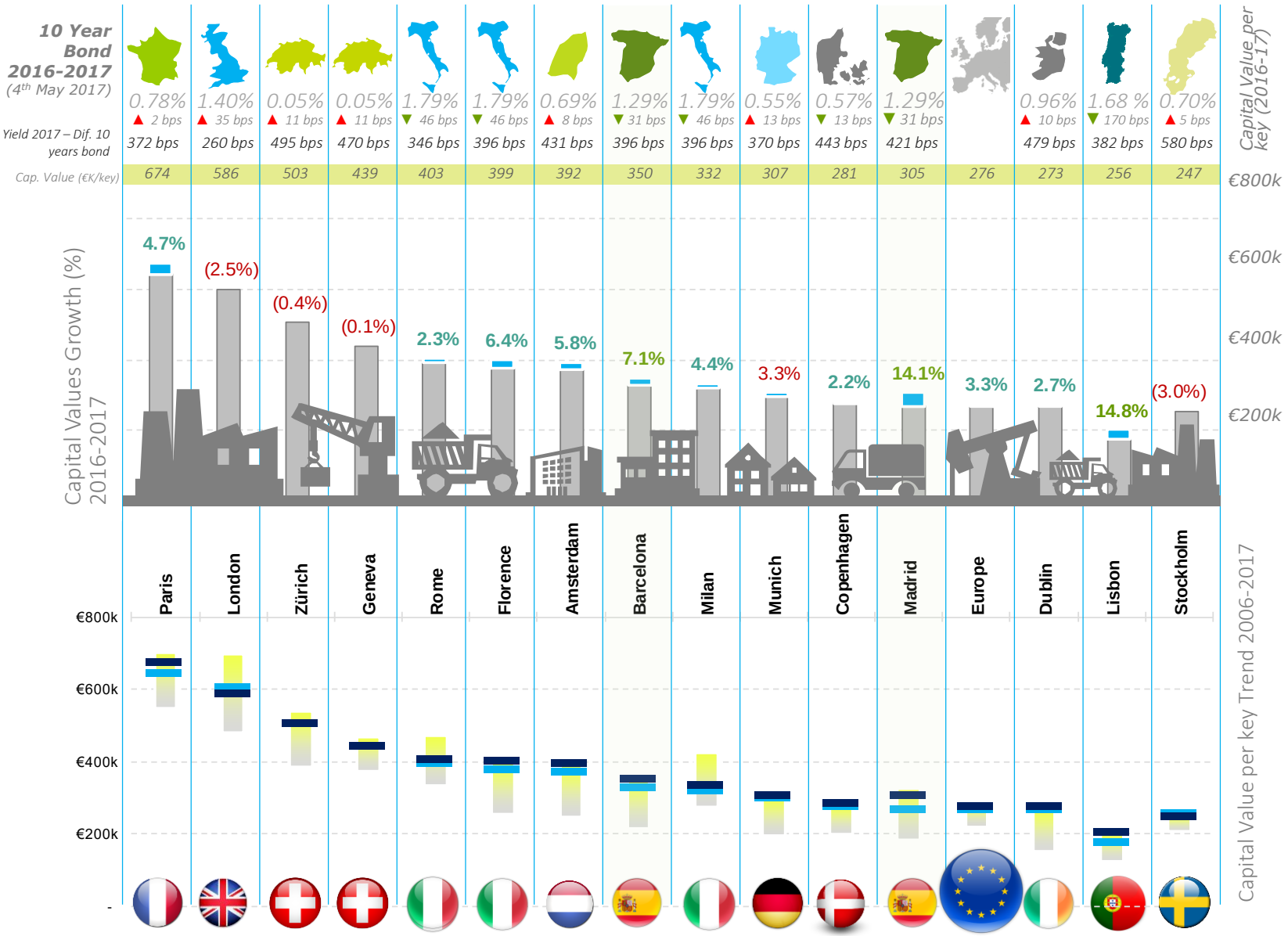
- ✓ The Eurozone is on the pace of expansion after recovery from a period of financial crisis.
- ✓ Outperforming growth of peripheral Eurozone Economies.
- ✓ Long feeder markets are gaining momentum lead by China.

Disruptors:

- ? Uncertainty related to Brexit.
- ? Supply and demand imbalance, whether from supply constrains or oversupply projections, hindering performance.
- ? Non- regulated and uncontrolled tourist accommo-dation growth is having an impact on hotel overnights.
- ? Alternative Destinations are experiencing a progressive recovery

Capital Values (€k/key):

Madrid, Barcelona and Lisbon outperform their European peers.



Source: Deloitte, HVS

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Europe

Key Investment Indicators (2017):

City	RevPar 2017 (€)	Capital Value (€k/key)	Yield (%)
Paris	€86	*€674k*	4.50%
London	€87	*€586k*	4.00%
Zürich	€102	*€504k*	5.00%
Geneva	€76	*€440k*	4.75%
Rome	€73	*€403k*	5.25%
Florence	€78	*€400k*	5.75%
Amsterdam	€78	*€392k*	5.00%
Barcelona	€74	*€350k*	5.25%
Milan	€56	*€332k*	5.75%
Munich	€58	*€307k*	4.25%
Madrid	€51	*€306k*	5.50%
Copenhagen	€46	*€281k*	5.00%
Lisbon	€88	*€248k*	5.50%
Porto	€70	*€205k*	5.50%

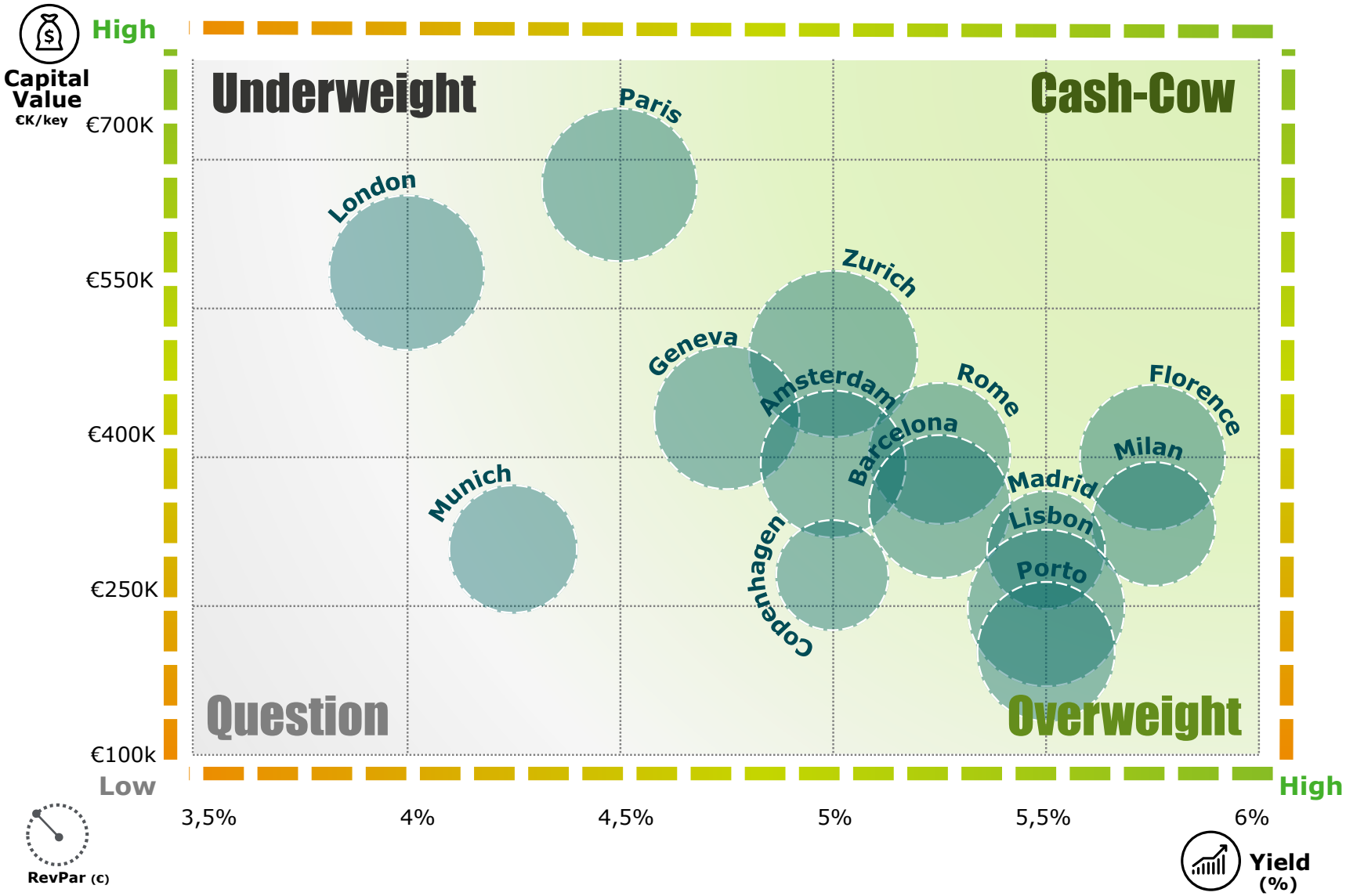
Source: Deloitte

Quadrant Understanding

Underweight	**Cash-Cow**
Question	**Overweight**

European Investment allocation dilema

The classic lose the pace while **Madrid, Barcelona and Lisbon** gathers momentum



Source: Deloitte, Exceltur

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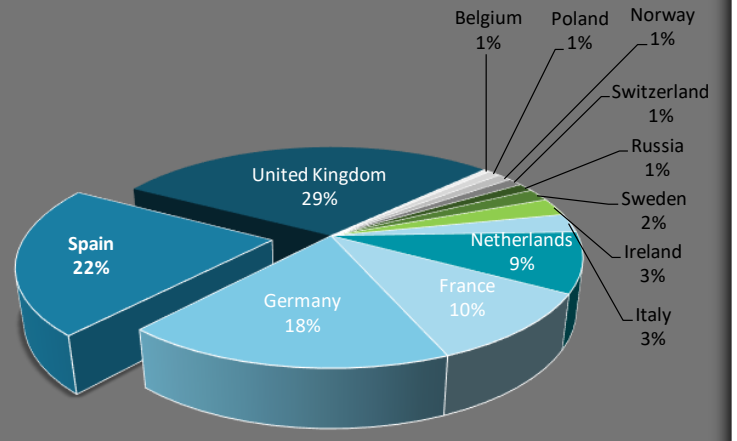
22% of 2017
Total Hotel Investment

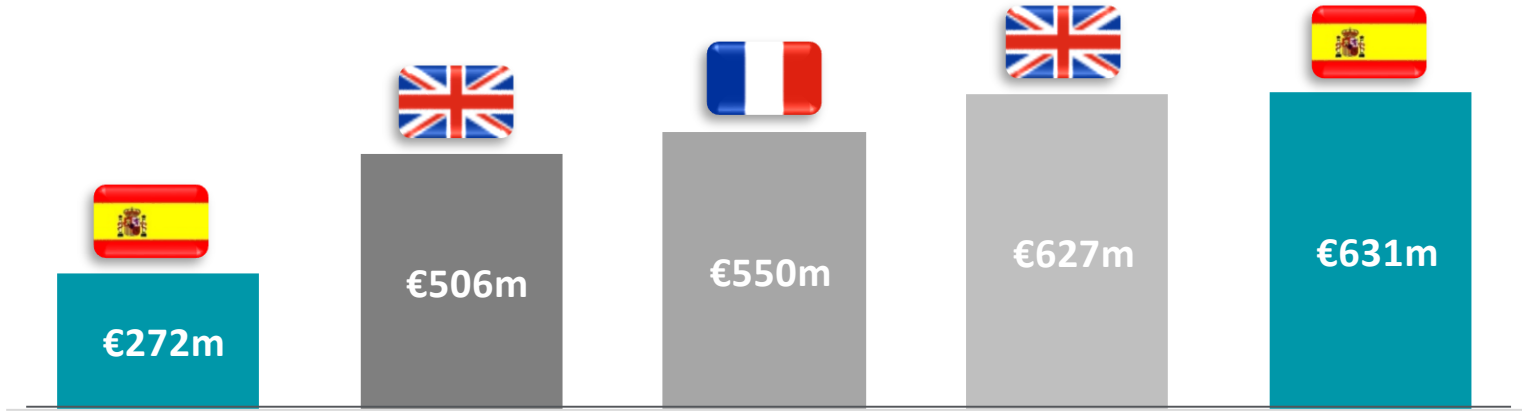


Source: Deloitte

European Investment Hotel Market

Spain accounted for **22%** of the total investment activity.

Halley Portfolio **(Spain)** with **€631m** of Investment Volume was the main transaction in Europe in 2017.



España Building	Hilton London Metropole	Westin Paris-Vendôme	Grosvenor House Hotel	Halley Portfolio
Hotel	Hotel	Hotel	Hotel	Hotel
BUYER RIU Hotels	**BUYER** Henderson Park	**BUYER** Henderson Park	**BUYER** Ashkenazy Acquisition	**BUYER** Blackstone
VENDOR Grupo Baraka	**VENDOR** Tonstate Group	**VENDOR** GIC	**VENDOR** Sahara India Pariwar	**VENDOR** HI Partners
n.a. units	**1,059 units**	**428 units**	**494 units**	**3,709 units**

Source: Deloitte

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European Yields & Capital Values (2017):

City	Country	Cap. Value (€k/key)	Cap. Value CAGR (13-17)	Lease Yield (%)	Mngmt. Risk Premium
Paris	France	€674k	*0.1%*	4.50%	100
London	UK	€586k	*(1.6%)*	4.00%	150
Zürich	Switzerland	€504k	*0.1%*	5.00%	75
Geneva	Switzerland	€440k	*0.7%*	4.75%	75
Rome	Italy	€403k	*2.8%*	5.25%	100
Florence	Italy	€400k	*6.4%*	5.75%	100
Amsterdam	Netherland	€392k	*7.4%*	5.00%	75
Barcelona	Spain	€350k	*9.5%*	5.25%	75
Milan	Italy	€332k	*4.0%*	5.75%	75
Munich	Germany	€307k	*3.4%*	4.25%	125
Madrid	Spain	€306k	*13.4%*	5.50%	75
Copenhagen	Denmark	€281k	*7.0%*	5.00%	175
Europe		**€276k**	***3.6%***	**5.75%**	**125**

Source: Deloitte

7 Spanish transactions are included within the **Top 25 European deals.**

- ✓ **Blackstone**'s purchase of **Halley Portfolio** (14 hotels and 3,709 rooms) was the most relevant transaction within the European Investment Market accounting for **c.€631m.**

European Hotel Investment breakdown

Spain accounted for **€4,295m** of Top 12 European Hotel Investments.

#	Country	Asset	Units	Purchase Price (€m)	Buyer	Vendor
1	Spain	**HI Partners Portfolio 14 asse**	**3,709**	***631***	Blackstone	HI Partners
2	United Kingdom	Grosvenor House Hotel	494	***627***	Ashkenazy Acquisition	Sahara India Pariwar
3	France	Westin Paris	428	***550***	Wafra, Kuwait Inv. Authority, Stone Point Capital, Henderso	GIC
4	United Kingdom	Hilton London Metropole	1,059	***506***	Henderson Park, Kuwait Inv. Authority, Stone Point Capital,	Tonstate Group, PBC Group, Destiny Ltd
5	Spain	**España Building**	**n.a.**	***272***	Cadena hotelera Riu	Grupo Baraka
6	Spain	**Starmel Hotels JV 4 assets**	**2,068**	***230***	London & Regional Properties	Starmel (joint venture Starwood Capital & Meliá)
7	United Kingdom	Doubletree Westminster	460	***221***	Westmont	Blackstone
8	Germany	Radisson Blu Hotel Hamburg	556	***200***	Wenaasgruppen	Azure Property Group
9	United Kingdom	Park Plaza London Waterloo	494	***184***	CBRE Global Investors	PPHE Hotel Group
10	Spain	**Bay hotels (24% restante q**	**n.a.**	***172***	Hispania	Barceló Hotels & Resorts
11	Germany	Holiday Inn Munich City Centre	582	***136***	Invesco	Apollo Global RE
12	United Kingdom	Hilton London Olympia	405	***131***	HPL Hotels	Westmont, Oaktree
13	Germany	Motel One Upper West	580	***123***	Signa Group	RFR Holding
14	Italy	Nova Yardinia Resort	790	***120***	Serenissima SGR	Greenblu, Valentino Village / SO.F.IN. (Sofin)
15	Spain	**Hotel Villaitana**	**455**	***114***	HI Partners	Xeresa Golf
16	Spain	**Tres hoteles Lopesan**	**856**	***104***	HI Partners	Lopesan
17	United Kingdom	Jurys Inn Birmingham	445	***102***	Fattal Hotels, Pandox	Amaris Hospitality
18	Germany	Hotel Pullman Munich	337	***102***	CDL Hospitality REIT	Grove International, Event Holding GmbH
19	Spain	**Intertur Hotels (5 activos)**	**1,126**	***100***	KKR y Dunas Capital	Intertur Hotels
20	United Kingdom	Hilton London Heathrow (T4)	398	***91***	Pandox	Davidson Kempner
21	United Kingdom	Jurys Inn Croydon	240	***90***	Pandox, Fattal Hotels	Amaris Hospitality
22	Germany	Arcotel John F	193	***86***	Rheinische Versorgungskassen, Warburg-HIH Invest	LaSalle, Arab Investments Ltd
23	Germany	Holiday Inn Leuchtenbergring	279	***84***	Real IS AG	Munchner Grund
24	United Kingdom	Jurys Inn Glasgow	321	***82***	Pandox, Fattal Hotels	Amaris Hospitality
25	United Kingdom	Jurys Inn Manchester	265	***81***	Pandox, Fattal Hotels	Amaris Hospitality
27	Spain	**Hotel Silken**	**240**	***80***	Benson Elliot	Bank of America Merrill Lynch
28	Spain	**Hilton Diagonal Mar Barcelo**	**238**	***80***	Axa IM	Iberdrola Inmobiliaria
30	Spain	**Ritz-Carlton Abama 50%**	**461**	***75***	HI Partners	Familia Polanco
32	Spain	**Blue Sea Hotels (15 activos)**	**2,446**	***70***	Portobello	Blue Sea
33	Spain	**Hilton Diagonal Mar Barcelo**	**195**	***70***	Axa IM	Iberdrola Inmobiliaria
34	Spain	**Hotel en Cala Romántica**	**267**	***70***	Grupo Batipart	n.d.
55	Spain	**Silken Puerta de América**	**315**	***48***	Bank of America Merrill Lynch	Grupo Urvasco (Silken)
63	Spain	**NH Málaga**	**133**	***41***	Hispania - SOCIMI	NH Hotel Group
67	Spain	**Dolce Sitges**	**263**	***40***	Talus Real Estate	Oaktree
68	Spain	**Pueblo Camino Real**	**524**	***40***	Logitravel	n.d.
78	Spain	**Tryp Barcelona Condal Mar**	**178**	***37***	n.d.	Acciona
89	Spain	**Valle Romano 430 Apartame**	**850**	***32***	HIG	Neinor Homes
96	Spain	**B&B portfolio (8 activos)**	**782**	***30***	Corum AM	B&B Hotels
97	Spain	**MiM Sitges**	**77**	***30***	Leo Messi	Francisco Sánchez
##	Spain	**Vincci Selección Posada del**	**106**	***27***	Internos Global Investors	Dos Puntos

Note: Investment Markets analysed - Spain, UK, France, Germany and Italy.
Source: Deloitte

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Top European cities are plucking up the construction and **development of new rooms.**

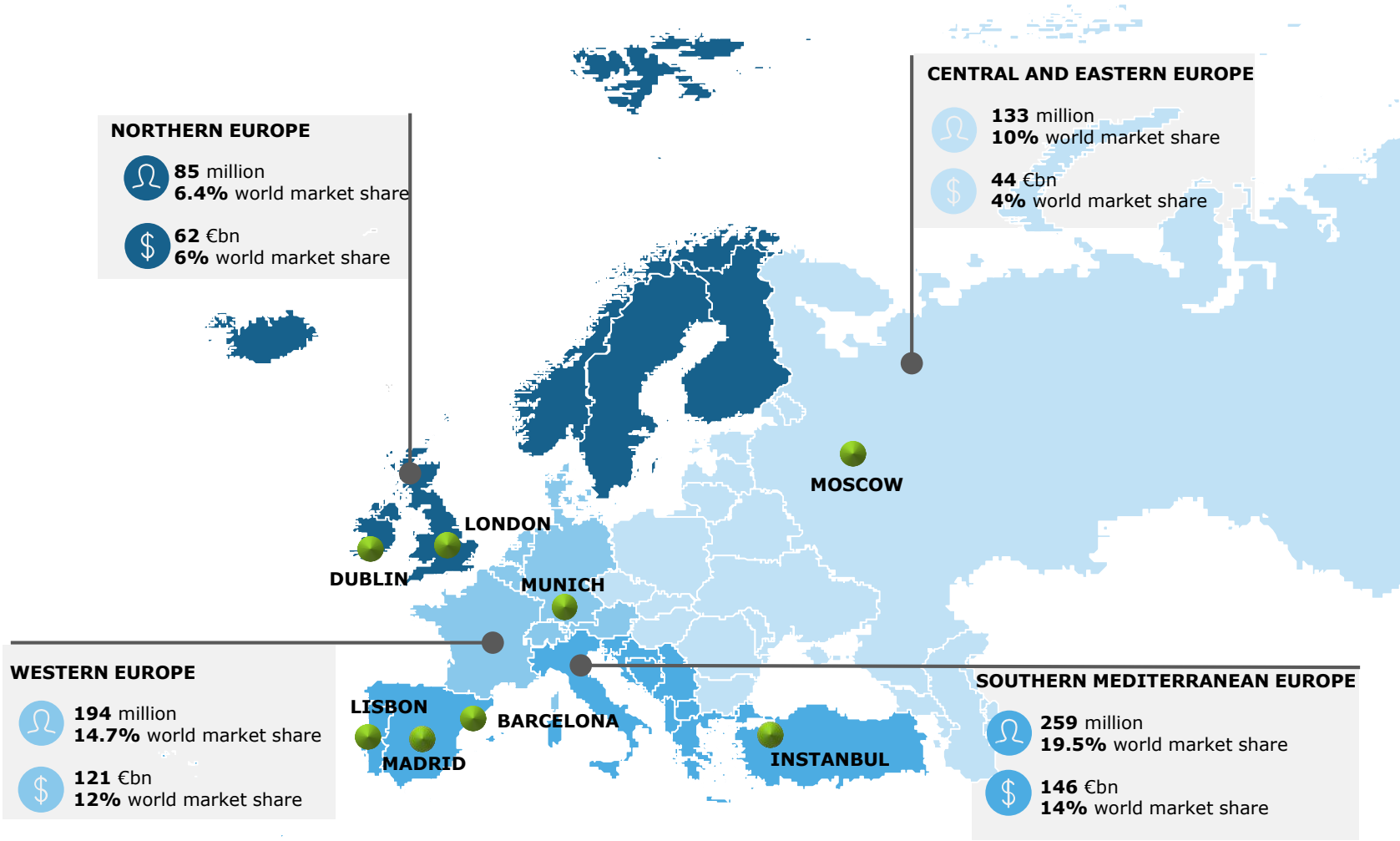
Top 6 European Cities	Existing rooms	Ongoing hotel	Ongoing rooms	Ratio
London	142,037	78	7,500	*5%*
Munich	40,531	19	4,000	*10%*
Istanbul	57,029	20	3,900	*7%*
Moscow	49,341	16	3,600	*7%*
Dublin	22,000	31	3,200	*15%*
Lisbon	21,400	30	2,700	*13%*
Main cities in Spain				
Madrid	55,583	11	2,100	*4%*
Barcelona	74,091	6	1,507	*2%*
Vacational destinations in Spain				
Balearic Islands	167,557	29	6,394	*4%*
Canary Islands	108,301	19	4,570	*4%*

Source: Deloitte

The hotel construction rebound is a positive indicator of where **demand is growing**.
The 2018-2019 hotel pipeline momentum continues to shift since **European Cities are back on track**.

Who is playing the development game?

Dublin, **Lisbon** and **Munich** have taken the lead with **double-digit activity ratio** while Madrid and Barcelona are surprisingly lagging behind…



TOP 8 Cities by rooms in construction in 2017
Note: Activity Ratio %: Ongoing Rooms / Existing Rooms

Source: Deloitte, UNWTO
Note: International expenditure latest available data 2016.

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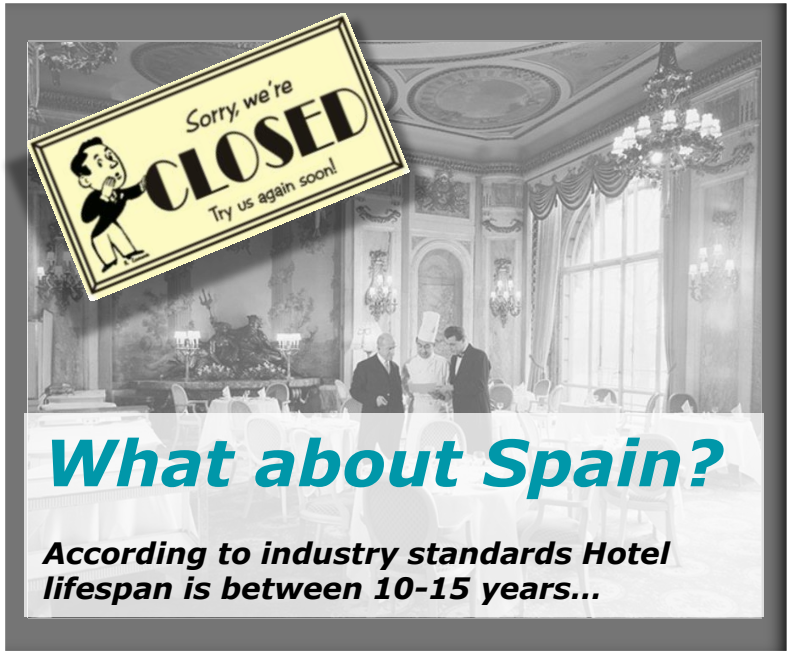


What about Spain?

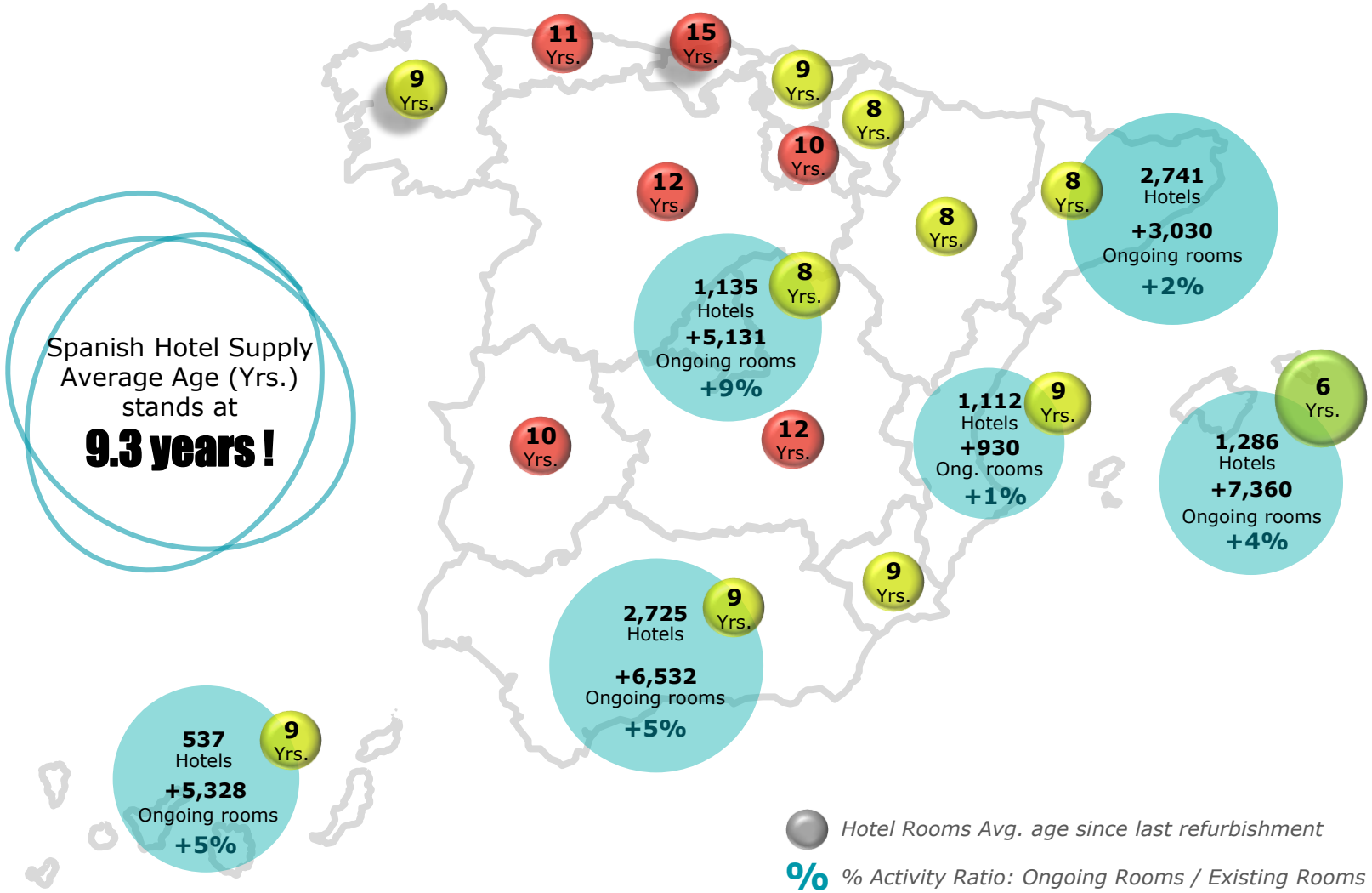
According to industry standards Hotel lifespan is between 10-15 years…

Refurbishment and Repositioning are **2018 top priorities** in order to achieve full potential value

Spain: An obsolete Hotel inventory

>65% of Spanish Hotel supply is obsolete and existing supply is experiencing a near-zero growth (+0.1% CAGR 13-17). However, the **Balearic Islands** have taken the lead in the repositioning of the hotel stock.

Spanish Hotel Supply Average Age (Yrs.) stands at **9.3 years !**



Note: Data by Region
Source: Deloitte, INE, Alimarket

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Hotel Riu Vistamar 4 -475 Rooms*
Total Refurbishment

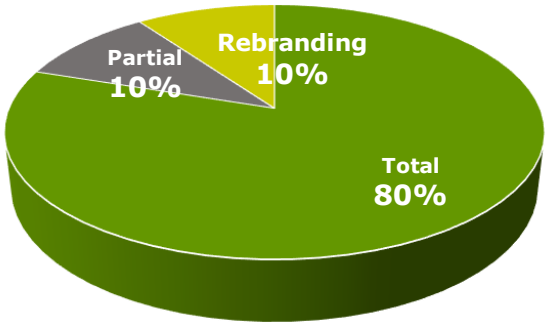
AluaSoul Alcudia Bay 4, former Delfin verde- 171 Rooms*
Rebranding

Refurbishment trend has experienced significant turnaround from usual **corrective CapEx** to **Smart CapEx**, which anticipates and focuses the investment in the pursuit of satisfying today's demanding costumers in a strong competitive context.

Spain: Understanding 2017 Refurbishments

2015-2017 have been key years for refurbishments. This trend is set to stabilize from 2019 onwards.

2017 Refurbishments



124 hotels
-38% 16-17

17,293 Rooms

ACTIVE PLAYERS

IBEROSTAR HOTELS & RESORTS
RIU HOTELS & RESORTS
ALUA HOTELS & RESORTS
ACCOR HOTELS Feel Welcome
MELIÃ HOTELS INTERNATIONAL

Top 5 Refurbishment in 2017

1	Alua Soul Palma		Palma (Balears, Illes)	**Alua Hotels & Resorts**	**4***	**127** *rooms*	Rebranding
2	Hotel Riu Vistamar		Las Palmas (Canary, Illes)	**Riu Hotels & Resorts**	**4***	**475** *rooms*	Total (Rooms & Common Areas)
3	W Barcelona		Barcelona (Barcelona)	**Marriot International**	**5***	**473** *rooms*	Total (Rooms & Common Areas)
4	Barceló Sevilla Renacimiento		Sevilla (Andalucía)	**Barceló Hotel Group**	**5***	**295** *rooms*	Total (Rooms & Common Areas)
5	Iberostar Anthelia		Tenerife (Canary, Illes)	**Iberostar Hotels & Resorts**	**5***	**365** *rooms*	Partial (Rooms Refurbishment)

Source: Deloitte, Alimarket

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Nobu Hotel Ibiza Bay 5* -152 Rooms
Repositioning

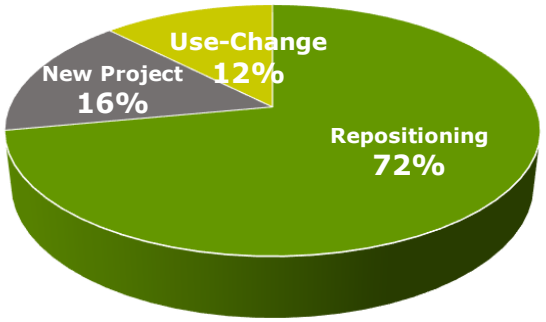
Barceló Torre Madrid 5*- 258 Rooms
Change of Use

2017 Hotel Openings and full Repositioning consolidated a positive growth, while **Hotel Refurbishments** reached cruising speed after a strong rebound in 2015-2016.

Spain: Understanding the 2017 New Openings

New Openings rebounded, while **Refurbishments** followed the path set up during the 2015-2016 period

2017 New Openings



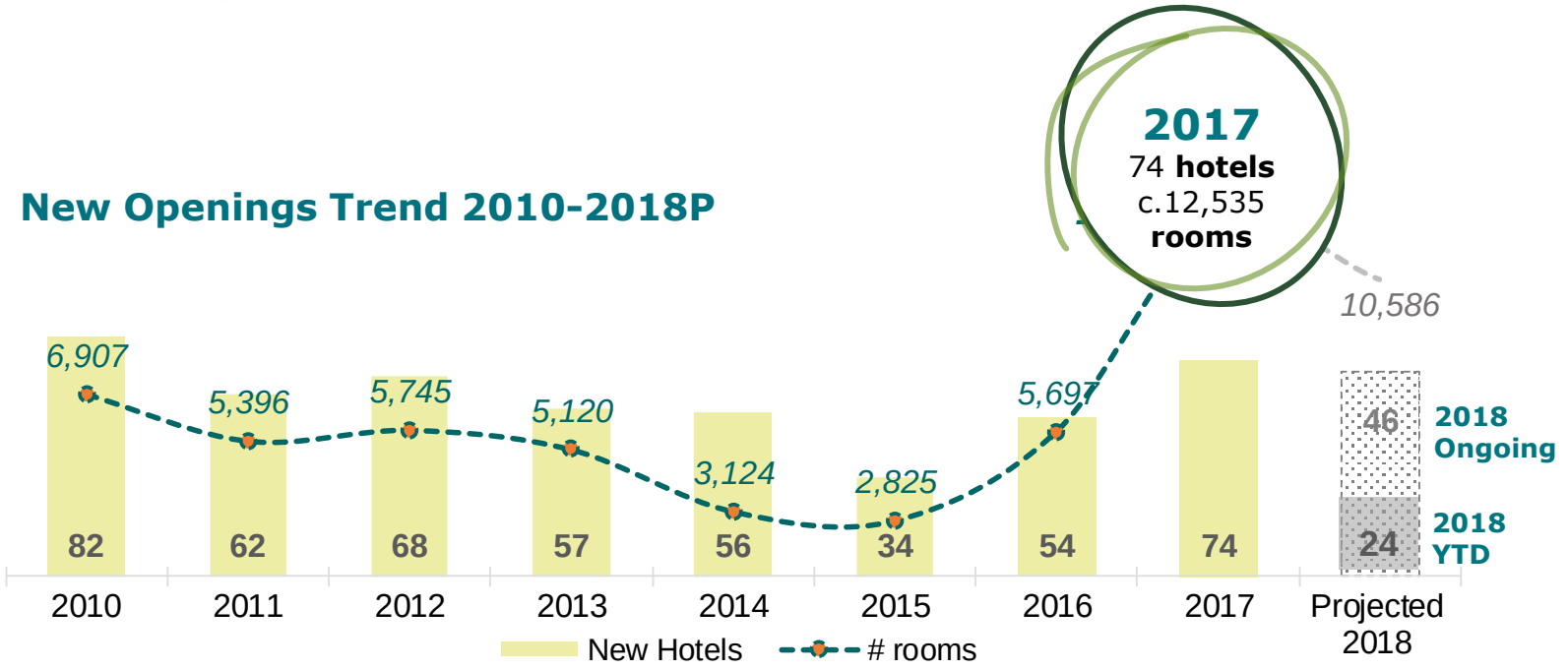
74 hotels
+37% 16-17

12,535 Rooms

Last arrivals...

NOBU HOTEL IBIZA BAY
HYATT HOTELS & RESORTS
od hotels
DOUBLETREE BY HILTON

New Openings Trend 2010-2018P



Source: Deloitte, Alimarket

Deloitte.

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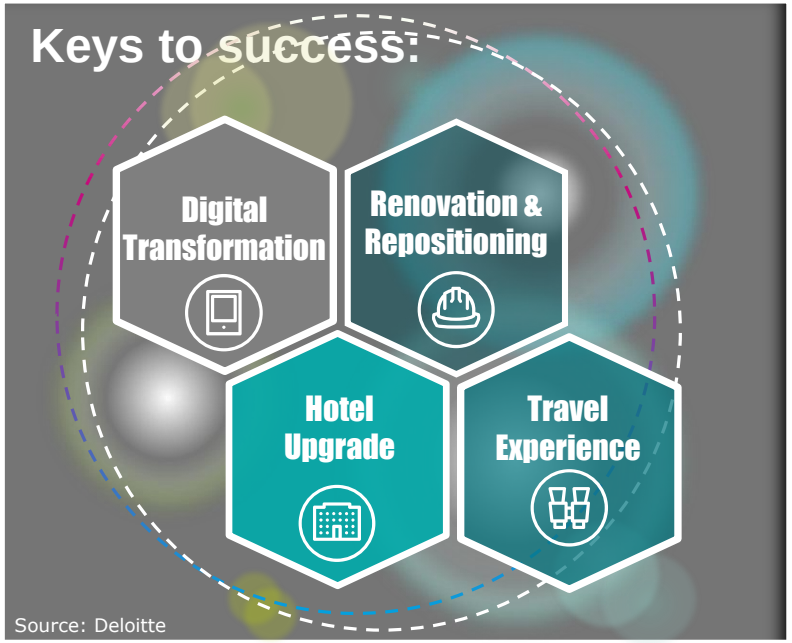
Spain 2018

EXECUTIVE SUMMARY



2017 Hotel Openings and full Repositioning consolidated a positive growth, while **Hotel Refurbishments** reached cruising speed after a strong rebound in 2015-2016.

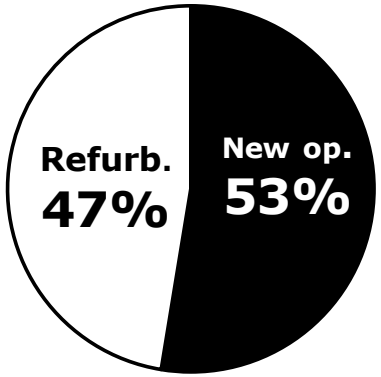
Spain: Understating of the 2018-2021 Future Supply

Why **Canary Islands** is expected to remain inactive in the long run?

2018-2021 New Hotel Openings & Refurbishments

173 hotels

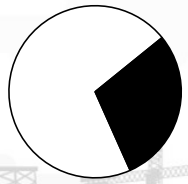
30,600 Rooms



130 hotels
22,373 rooms
- 29% Balearic I.
- 20% Canary I.
- 16% Andalusia
- 13% Catalonia

22 hotels
3,328 rooms
- 56% Madrid
- 21% Andalusia
- 17% Balearic I.
- 2% C. Valencia

21 hotels
4,894 rooms
- 48%Andalusia
- 24% Madrid
- 15% Canary I.
- 8% Balearic I.



YTD2018

2018
71% Refurb. | 29% New

2019
7% Refurb. | 93% New

2020-21
n.a. Refurb. | 100% New

Source: Deloitte, Alimarket

Deloitte.

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EXECUTIVE SUMMARY

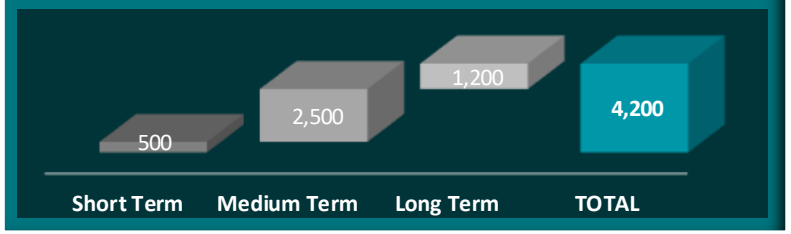
Top 10 Spanish transactions:

Top 10 Spanish Hotel transactions accounted for **89%** of total hotel investment volume.

Asset	*Price (€m)*	*Rooms*
Halley Portfolio	***631***	3,709
Edificio España	***272***	589
Starmel Hotels JV (4 Hotels)	***230***	2,068
Ritz-Carlton Abama	***183***	461
Bay hotels (24%)	***172***	7,570
Hotel Villaitana	***114***	455
Lopesan (3 Hotels)	***104***	856
Intertur Hotels (5 Hotels)	***100***	1,126
Sol Príncipe	***89***	799
Hotel Silken	***80***	240
Top 10 Total	**2,740**	**20,552**

Source: Deloitte

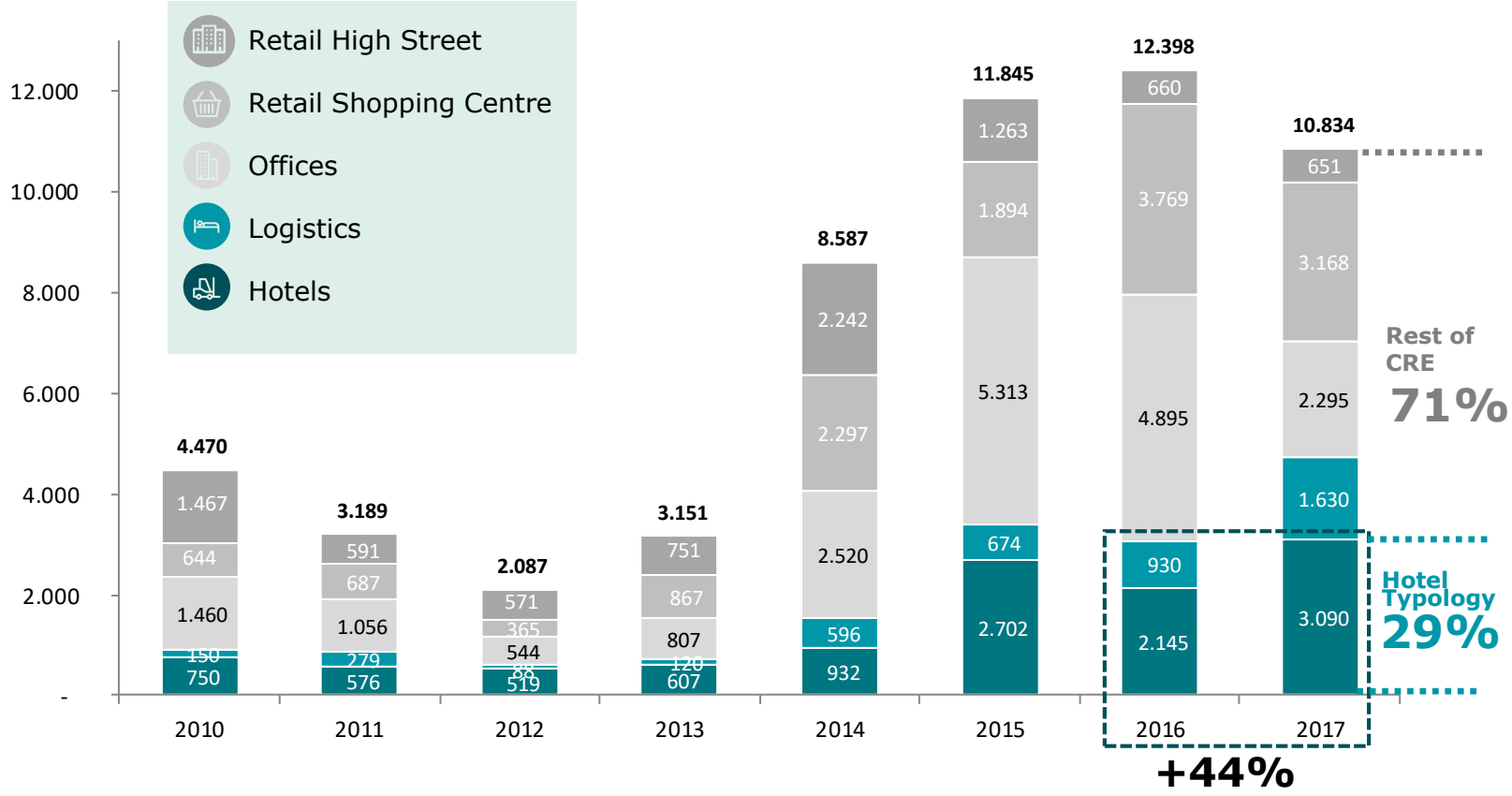
A total pipeline investment volume of **€4,200m** is expected to be traded in Spain



So far Equity Investment is here to stay

Hotel Properties investment is growing rapidly under a challenging turnaround context

Hotel Properties investment volume **increased by 44%**, while total Commercial Real Estate **decreased by 13%**. Investment in this asset class is expected to keep an upward trend driven by RevPAR and NOP further growth.



Source: Deloitte

Deloitte.

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EXECUTIVE SUMMARY

MAIN DRIVERS FOR THE INCREASING LENDING DEMAND

MACROECONOMIC ENVIRONMENT
- Improvement of fundamentals
- Monetary Policy: QE, low funding costs, etc.

FINANCIAL SECTOR
- Restructuring of the Financial Sector
- P&L reconstruction

REAL ESTATE INVESTMENT MARKET
- Excess of Liquidity: Increase in transactions
- Entry of new sponsors
- Alternative to the fixed income / bond yields

Source: Deloitte

- **Development loans:** Traditional lenders are coming back

Senior Debt:
- Yielding assets: gathering momentum

Lenders are underpinning investment

But… is the crisis lesson learned?

Main Conditions

	2013-14	2015	2016	2017	2018YTD
Framework	← Credit Access Constraints →		← Financing Upturn →		
Main Players	← Institutional Investors / Debt Funds →		← Banking / Insurance Companies + Alternative lenders →		
Upfront Fee	150-250bps	125-175bps	100-150bps	90-150bps	75-150bps
Spread	225-400bps	200-250bps	175-225bps	150-225bps	135-225bps
LTV (1)	45-50%	45-55%	50-60%	50-65%	50-60%
Balloon (2)	60-80%	65-100%	70-100%	70-100%	70-100%

(1) Sustainable LTV to face the debt service with high funding costs (A bigger LTV will mean a bigger debt service)
(2) Balloon needs to cover the high funding costs during the loan´s life. (a smaller balloon will mean a bigger annual debt service). Estimated balloon for a 5-7 years loan.

Location, category, performance, type of operating contract (including mandatory period duration) and **hotel brand** have a significant impact on financing terms.

Source: Deloitte

Deloitte.

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Drivers of the increase in cross-border investment:

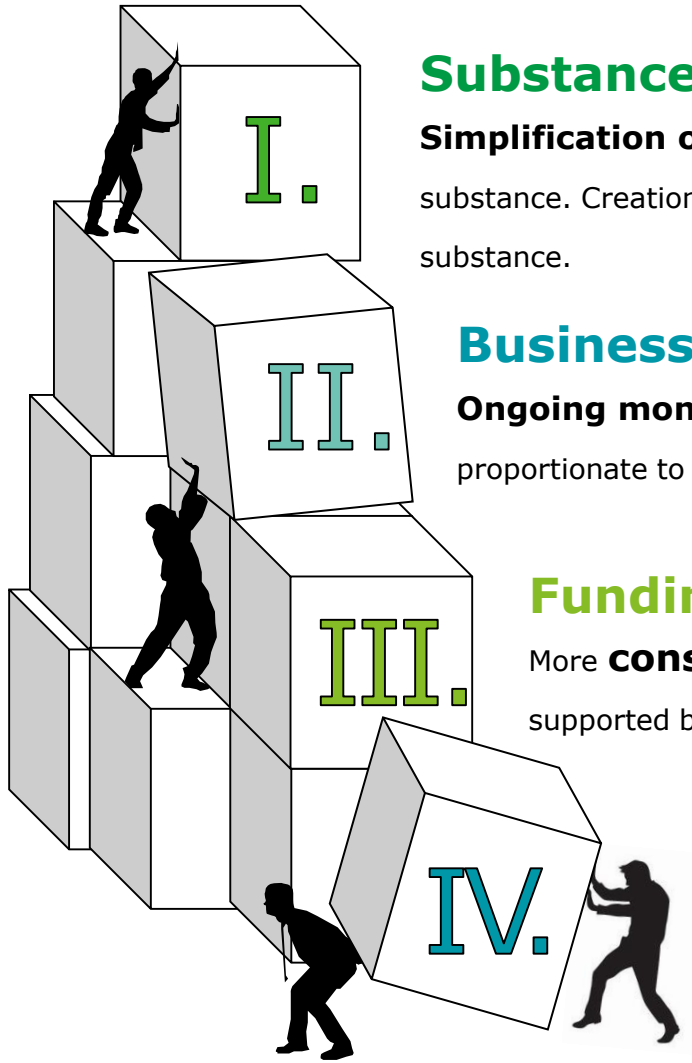
1. Yielding Real Estate is still more attractive than Investment Grade Bonds
2. Yield compressions in most of the countries led to a significant growth of capital values
3. Accessibility to credit and more attractive financing conditions
4. Political and financial uncertainly in certain regions of Europe, but markets still responding well.

Source: Deloitte

Tax advisory is still key to a successful exit.

A more defensive tax environment

BEPS are making an impact on **tax structuring strategies**



Substance concentration

Simplification of holding structures as a way to concentrate substance. Creation of **investment platforms** with qualified personnel and substance.

Business rationale

Ongoing monitoring and support of tax benefits being proportionate to business reasons deriving from the structure.

Funding structure

More **conservative funding structures** with SHLs duly supported by complete TP documentation.

Withholding taxes

Reinforced substance at platforms as to facilitate dividend WHT. Back-to-back borrowing to be avoided.

Source: Deloitte

Deloitte.

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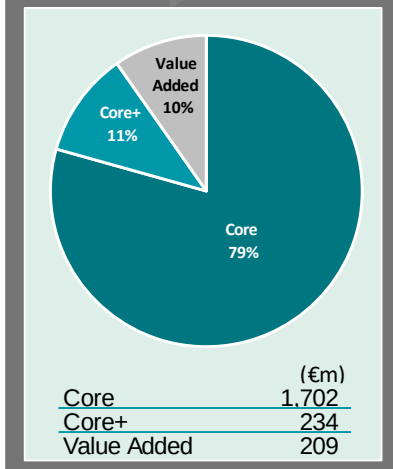
EXECUTIVE SUMMARY

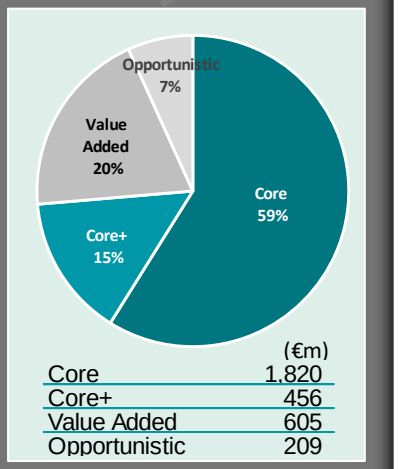
CORE PROFILE DOMINATES:

2016



	(€m)
Core	1,702
Core+	234
Value Added	209

2017



	(€m)
Core	1,820
Core+	456
Value Added	605
Opportunistic	209

Source: Deloitte

Most active players
expected to stay active in 2018:

Who is Who: The main Players

A new competitive map for a wide variety of **value creation strategies**

Equity OUT

HISPANIA ACTIVOS INMOBILIARIOS
L&R LONDON & REGIONAL PROPERTIES
ALCHEMY PROPERTIES
OAKTREE
ColonyCapital

Equity IN

Blackstone
HI HOTEL INVESTMENT PARTNERS
Deka Immobilien
APOLLO
STARWOOD CAPITAL GROUP
KSL CAPITAL PARTNERS
TPG
H.I.G. CAPITAL
Foncière des Murs
PATRON CAPITAL PARTNERS
Brookfield
AXA Real Estate An AXA Investment Managers Company
Union Investment
WESTMONT HOSPITALITY GROUP
KKR
Investindustrial

Main Chains

nh HOTELS
AC HOTELS MARRIOTT
IBEROSTAR HOTELS & RESORTS
Barceló HOTELS & RESORTS
RIU Hotels & Resorts
MELIÁ HOTELS INTERNATIONAL
VINCCI HOTELES
HOTUSA hotels
ILUNION Hotels
RoomMate HOTELS
H10 HOTELS
PETIT PALACE HOTELES
CATALONIA HOTELS & RESORTS
GRUPOTEL HOTELS & RESORTS
PALLADIUM HOTEL GROUP

Debt Providers

CaixaBank
BBVA
Allianz
Santander
DEUTSCHE/HYPO
CRÉDIT AGRICOLE CORPORATE & INVESTMENT BANK
INCUS CAPITAL
Sabadell
Partners Group
DRC Capital
Bankia
Deutsche Bank
TYNDARIS

NPL – DPO Specialists

Deutsche Bank
OAKTREE
Bank of America
DavidsonKempner Capital Management LLC
CERBERUS CAPITAL MANAGEMENT, L.P.

Source: Deloitte

Deloitte.

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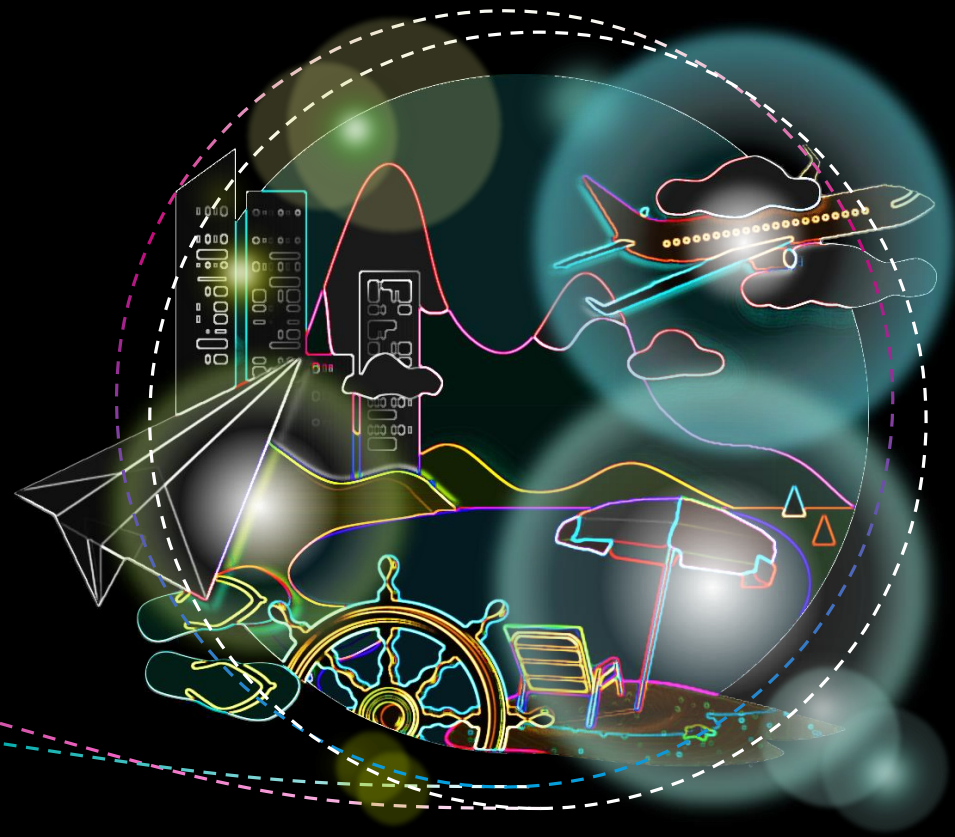
Spain 2018

For further information...

Request the Expanded Edition

Contents (225 pages):

1. **Macro economic** overview related to the Tourism Industry and Hospitality Activity.
2. **European Hotel Properties** market understanding and key data.
3. **Spanish Hotel Properties** market understanding and key Supply & Demand data, main openings and refurbishments, future openings pipeline 2018-2021.
4. **Hotspot In Depth Analysis**
   - **(i) Vacational Hotspots** (analysis by coast): Andalusia, Catalonia, Community of Valencia, Balearic Islands, Canary Islands.
   - **(ii) Urban Hotspots** (analysis by city): Malaga, Sevilla, Barcelona, Valencia and Madrid.
5. **Key to Success and Upcoming Challenges** (Uncertainties and Opportunities)
6. Hotel Properties **investment share** and transactions pipeline in Spain.
7. Hotel Properties **financing market** main drivers.
8. Detail of **most active players** and key **financial terms** offered.
9. Hotel Properties **key investment factors.**



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