



European Hotel Transactions 2007

Weathering the Storm ...

HVS HODGES
WARD
ELLIOTT

This report is produced by the London office of HVS

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Introduction

After a record year in 2006 in terms of the volume of hotel investment, activity in the European hotel market fell back to just under €19 billion in 2007. This decline, albeit that it was only slight, equates to a drop of approximately €1.5 billion, or 7%.

Until the subprime crisis in the USA began in the third quarter of the year, a crisis which in Europe became known colloquially as the 'credit crunch', the market was continuing to power ahead. There were several major portfolio deals, such as the disposal by Hilton of the Scandic portfolio, two sale and leaseback deals by Accor, the sale of Alliance Hospitality and, of course, the deal by The Blackstone Group to acquire Hilton Hotels Corporation, which was agreed in the summer.

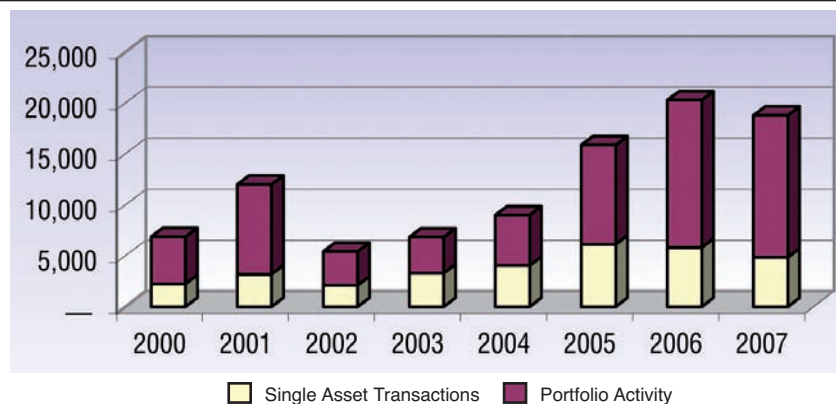
Despite the credit crunch, deals continued to be made in the fourth quarter of the year, including a third sale and leaseback transaction by Accor and the sale of Morethanhotels to JER Partners. It would be fair to say, though, that many of these deals were already fairly advanced and under negotiation or in due diligence before the credit crunch really began to bite.

In European Hotel Transactions 2006, published 12 months ago, HVS was already seeing warning signs indicating that the market was overheating, and we questioned whether the good times might soon be coming to an end. Although trading performance for most European hotels continues to improve, albeit at a slower pace, it seems that the observations made by HVS that the market, in terms of investment, might turn in 2007 were well founded.

European Single Asset Transaction Activity

Hotels in Europe saw RevPAR grow by more than 6% in 2007 compared to the previous year. In general, the market was kept afloat by strong economic conditions that helped drive both corporate and leisure business. This helped counterbalance any fall-off in demand

Figure 1 Total Hotel Investment Volumes 2000-07 (€ millions)



Source: HVS London Office

stemming from the strength of the euro. Europewide occupancy also remained stable. Although the region's sporting and cultural events calendar was not as full in 2007, Europe remained strong in terms of RevPAR performance. A number of key cities, including London and Paris, were able to capitalise on stronger economic conditions and high-profile events such as le grand départ of the Tour de France from London, the Paris Air Show and the Rugby World Cup in France.

The Eurozone is estimated to have achieved GDP growth of 2.7%, compared to 3.0% in 2006; thus, the Eurozone has remained economically stable. In the first half of the year, a favourable economic environment allowed levels of hotel investment seen in 2006 to be maintained, and these were further supported by strong hotel performance in the region. The second half of the year, on the other hand, despite showing continuous growth in hotel performance, saw hotel investment slow. The slowdown can be attributed to the effects of the 'credit crunch', which in August started to show signs of taking hold.

In 2007, HVS recorded a total of 117 transactions involving single hotel assets, each of more than €7.5 million, the minimum amount that we have set for a transaction to qualify for inclusion in our survey. In general, there was a decrease of -13% in the number of transactions in 2007. (The number of transactions in 2006 was 134.) This decrease was due mostly to the shift in investment from single assets to portfolios. There was too a slowdown in investment in

the second half of the year. The average transaction price of €234,000 a room remained in line with 2006, showing a slight decrease. In 2006, the growth in the number of trophy assets transacted greatly increased the sales price per room, with hotels such as the Four Seasons Hotel Milan and Hotel Arts Barcelona selling for €1.7 million and €863,000 a room, respectively. Meanwhile, the trend in single asset activity in 2007 was for fewer trophy asset investments with sales prices of more than €800,000 a room.

We note that 17% of all of the qualifying single assets transacted in 2007 had no publicly disclosed sales price. The total price of these transactions has been estimated by HVS to be slightly less than €1 billion.

The UK remains the leader in the transactions table with roughly 32% of the single asset transactions by value (€1.5 billion), having in 2005 taken over from Spain as the leader. We recorded 35 transactions in the UK provinces, compared to only six in London. Unlike the previous year, in 2007 investment in the UK provinces was greater than it was in London, accounting as it did for 71% of all monies spent (approximately €1.1 billion) compared to 29% for hotels in London (€445 million). Average prices varied from €504,000 a room in London to €269,000 a room in the provinces. HVS puts the value of the undisclosed hotel transactions in the UK at around €356 million.

In 2007, Spain remained an active hotel market with a total of 23 properties (4,099 rooms) transacted for a total of

approximately €613 million. Spain continues to account for 20% of the total single asset investment volume. The value of undisclosed transactions in Spain amounts to an estimated €235 million.

Berlin proved to be the transaction hot spot in Germany in 2006, whereas in 2007 transaction activity was spread across the country. Germany continued to prove a strong contender for investment, with an increase in transaction volumes. Fifteen German properties (3,116 rooms), accounting for 13% of transaction sales (€471 million), were sold compared to nine (2,063 rooms) in 2006. HVS estimates a total of €120 million for undisclosed transactions.

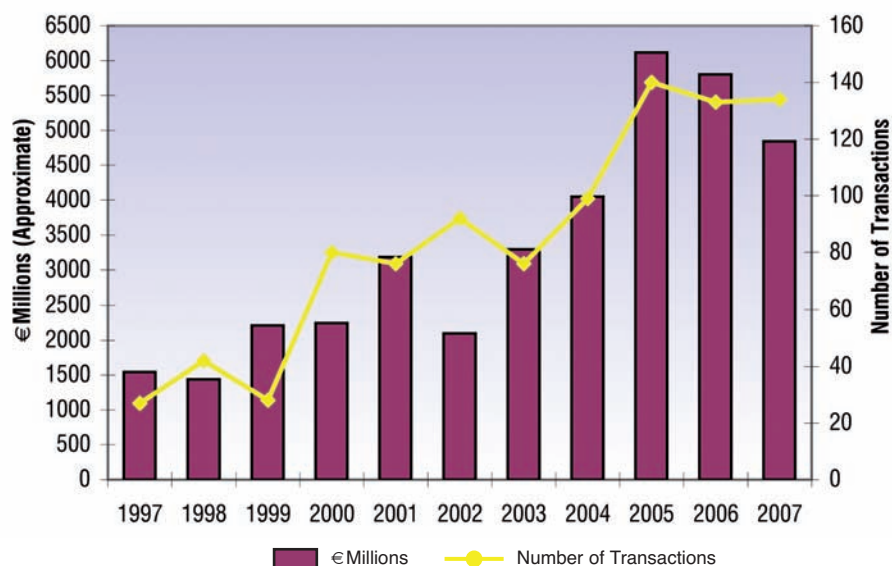
Behind Germany, in fourth place, France maintained its investment activity with the sale of important luxury assets such as Parisian hotels Hotel Le Parc Trocadero and the Radisson SAS Hotel Champs Elysees. HVS has recorded a total investment of €322 million in nine hotel assets (1,449 rooms) in the country, indicating a share of 8% of the total single asset activity.

In 2007, a total of nine qualifying transactions were made in central and eastern Europe, down from 11 transactions in 2006. This decrease is understandable as, particularly outside capital cities, the focus in these markets remains very much on the development of new hotel assets. A large proportion of assets are already owned by investors who are not the hotel's operator, and thus there is limited opportunity for sale and leaseback (or sale and manageback) deals.

We note the following **significant single asset transactions** in 2007.

- High barriers to entry make Paris a classic transaction hot spot. Strategic Hotels & Resorts acquired the distinguished **Hotel Le Parc Trocadero** from Accor for €66.5 million, or €573,000 for each of the hotel's 116 rooms. Located in the 16th arrondissement, the hotel, with its extensive private garden, will be operated by Marriott International. The 46-room **Radisson SAS Champs Elysees**, boasting a Haussmannian façade on Paris' most famous boulevard, was sold to Luxury Hotel Group for €21 million, or €456,500 a room;
- Located on Sardinia's southern coast, the 758-room **Forte Village Resort** was sold to FIMIT, an Italian private real estate fund, for €312 million, or €411,600 a room. The vendor, Lehman Brothers, had acquired the property in 2003. The resort consists of seven luxury and upscale hotels, 30 food and beverage outlets and extensive leisure facilities;
- London & Regional Properties paid a reported €311 million (€ 502,000 a room) to the co-owners of the 619-room **Fairmont**

Figure 2 European Single Asset Hotel Transactions 1997-07



Source: HVS London Office

Monte Carlo: Bank of Scotland Corporate, Fairmont Hotels and Prince Alwaleed. Luxury hotel group Fairmont has been managing the Monte Carlo Grand Hotel since March 2005. The hotel is set to undergo refurbishment to the tune of €45 million including the addition of a new spa;

- One of the highest values per room in 2007 was achieved by **Amberley Castle** in Arundel, in the English county of West Sussex. Von Essen Hotels acquired the fourteenth-century fortress for €17.7 million, or €934,000 a room, with a view to including it in its 25-strong chain of boutique hotels. Earlier in the year, von Essen acquired the 25-room country mansion Hunstrete House for €8.8 million to turn it into a 70-room boutique hotel;
- Scotland appeared with increasing frequency on the transaction radar in 2007. The 251-room, five-star **Caledonian Hilton**, on Edinburgh's famous Princes Street, was sold for €76.4 million, or €305,000 a room. Vendor and operator Hilton invested a renovation budget of close to €10 million in 2005. Nevertheless, new owner The Caledonian Operating Company Ltd UK plans to invest a further €18 million in the Grade II listed property. Hilton acquired the property from Queens Moat Houses in 2000 for more than €72 million. The **Radisson SAS Hotel Glasgow** earned its previous owners WG Mitchell (a Northern Irish property company) €103.3 million (or €418,200 a room) when it sold the 247-room property to Strategic Investment Management Ltd barely a year after acquiring it from Marylebone Warwick Balfour for €76.6 million;
- London saw three major transactions in 2007. Kingdom Holding Company, chaired by Prince Alwaleed, announced the sale of

the **Four Seasons Hotel London** for €103 million, or €472,000 a room. The luxury hotel in Mayfair was acquired by a Bahraini investor. Elsewhere, a consortium of investors including InterContinental Hotels Group and two Middle Eastern investors divested itself of the **Crowne Plaza Hotel London City** for €123 million, or €606,200 a room. The buyer, Gruppo Statuto, is an Italian real estate company that acquired the 118-room Four Seasons Hotel Milan in 2006 for the record sum of €1.7 million a room. Famous luxury hotel **Blakes**, in London, was sold by Sir Mark Weinberg and his wife Anouska Hempel for €49 million, or €999,000 a room, making it the highest sales value per room achieved in our survey. They had acquired it from Atlan Holdings only a year previously, for €33.3 million. Purchaser GuestInvest is to add the 49-room property to its condo hotel scheme, with rooms costing from €1.4 million;

- The Blackstone Group parted from its first-ever hotel investment in Germany, the **Nikko Düsseldorf**, when it sold the 301-room hotel to Benson Elliot for €114 million, or €378,700 a room. The property is part of the 12,000 m² mixed-use Deutsch-Japanische Center.

Portfolio Transaction Activity

Portfolio transactions were the strongest driver of total investment volume in Europe in 2007, as they had been in 2006. Yet again, the Hilton portfolio featured prominently in the total volume of investment with the purchase in June of Hilton Hotels Corporation's portfolio by private equity company The Blackstone Group for a total of roughly €19 billion. This transaction involved Hilton's worldwide portfolio. After apportioning an appropriate

Table 1 Portfolio Transactions 2007

Portfolio	Location	Number of Properties	Number of Rooms	Total Sales		Price per Room (€)	Buyer	Seller
				Price (€)	Price (€)			
Jurys Inn	UK and Ireland	20	4,835	1,165,000,000	241,000	Quinlan	JDH Acquisitions	
91 Accor Hotels	Germany and the Netherlands	91	12,000	863,000,000	72,000	Moor Park Real Estate (MPRE)	Accor	
Scandic Hotels	Europe	132	23,000	833,000,000	36,000	EQT	Hilton Hotels Corporation	
Deutsche InterHotels	Germany	14	4,500	757,000,000	168,000	The Blackstone Group	Aareal Bank and others	
Hilton Hotels Corporation	Europe	74	22,748	720,000,000	32,000	The Blackstone Group	Hilton Hotels Corporation	
30 Accor Hotels	UK	30	5,000	711,000,000	142,000	Land Securities Trillium (LST)	Accor	
Alliance Hospitality	Various	46	6,600	700,000,000	106,000	The Blackstone Group	Goldman Sachs Whitehall Funds	
24 Macdonald Hotels	Europe	24	2,511	607,700,000	242,000	Moorfield Real Estate Fund	Macdonald Hotels Ltd	
28 Thistle Hotels	UK	28	4,067	588,728,000	145,000	CIT	Hotel Properties II UK	
Four Seasons Hotels and Resorts	Europe	13	2,067	585,207,600	283,000	Cascade Investments	Four Seasons	
Ten Hilton Hotels	Germany, Switzerland, Benelu	10	3,330	566,000,000	170,000	MS Real Estate Fund	Hilton Hotels Corporation	
57 Accor Hotels	France and Switzerland	57	8,200	518,000,000	63,000	Consortium of Investors (AXA REIM, CDC)	Accor Hotels	
Bewleys Hotels	UK and Ireland	6	2,094	500,000,000	239,000	Moran Hotel Group	Bewleys Hotels	
20 Paramount Hotels	UK	20	2,732	484,744,640	177,000	Dawney Shore Hotels	Paramount Hotels Group	
159 B&B Hotels	France	159	13,000	471,000,000	36,000	ANF	B&B Hotels	
Six Landmark Principal Hotels	UK	6	1,310	410,192,100	313,000	aAIM Group	Permira	
Grand Hotel du Cap Ferrat	France	2	84	215,000,000	2,560,000	Leonard Blavatnik	Societe Union Hotelier du Cap SAS	
Four Pillars Hotels	UK	6	732	178,823,480	244,000	RREEF	Four Pillars Hotels	
Five Mercure Hotels in Paris (Finotel)	France	5	1,141	175,000,000	153,000	Westmont Hospitality	LBO France	
Morethanhotels	UK	11	1,270	169,956,200	134,000	JER Partners	Morethanhotels	
Seven Hotels in Spain and one in Morocco	Spain and Morocco	8	2,231	148,000,000	66,000	Barceló Hotels & Resorts	Martinsa Fadesa	
Six Holiday Inns	Italy	6	—	128,000,000	—	Beni Stabili Hotels	Undisclosed	
52 Dorint Hotels	Germany	52	6,500	127,000,000	20,000	Accor	Dorint Hotels	
Occidental Hotels	Spain	14	3,634	123,550,000	34,000	BBVA and Armancio Ortega	La Caixa/Mercapital	
Four Azure Group Hotels	Poland, Paris and Frankfurt	4	633	Undisclosed	—	Invesco Real Estate	Azure	
Three Club Méditerranée villages	France and Switzerland	3	2,200	117,000,000	53,000	IPBM	Club Méditerranée	
Remmen Hotels (Hotel Angleterre, Kong Frederik and Front)	Denmark	3	367	100,000,000	272,000	Nordic Partners	Remmen Hotels	
Norgani Hotels	Scandinavia	73	12,488	87,454,500	7,000	Norwegian Property	Norgani Hotels	
Eight Thistle Hotels	UK	8	978	79,805,520	82,000	Menzies Hotels	Curzon Hotel Properties	
Two Scandic Hotels	Sweden	2	437	76,553,100	175,000	Norgani Hotels ASA	Scandic Hotels AB	
Three Marriott Hotels	UK	3	450	73,894,000	164,000	Principal Hayley Group	Quinlan Private and Igal Ahouvi Group	
Golden Tulip (UK)	UK	6	2,000	65,026,720	33,000	Whitbread	Golden Tulip (UK)	
Global Hotels	France and Belgium	9	868	65,000,000	75,000	Prem Group	Global Hotels	
Four Hotels	Germany	4	—	65,000,000	—	Herkules Group	Undisclosed	
Two IHG Hotels	Belgium	2	572	53,850,000	94,000	Pandox AB	Westbridge	
11 Comfort Inn and Quality Inn Hotels	Ireland	11	1,400	41,500,000	30,000	TVC Holdings	Kasterlee	
Six Hotels	Spain	6	518	31,800,000	61,000	Manuel Jove Capellan (Fadesa)	Undisclosed	
Africa-Israel Investments	Romania	4	300	18,900,000	63,000	Africa-Israel Investments	Undisclosed	
Travelodge Sale and Leaseback	UK	17	—	18,850,432	—	Prestbury Hotels Ltd	Travelodge (DIC)	
Eight Inside	Germany	8	1,848	16,500,000	9,000	Sol Meliá	Inside Hotel GmbH	
Best Western & Quality Park Hotel Skogshoejd	Sweden	2	375	13,700,000	37,000	Pandox AB	Skogshoejd Handels & Fastighets	
Five Formule 1 Hotels	UK	5	345	7,379,400	21,000	Metro Inns	Accor	
Two Princess Hotels	Spain	2	525	—	—	Reda Bahige Alaywan Mohamad	Princess Hotels & Resorts	
Ten Le Jardin de Paris Hotels	France	10	430	—	—	Mr Galabert	CDP Real Estate/Groupe Erghot	
Ten Akena Hotels	France	10	576	—	—	Dynamique Hôtels	RMH	
Marriott Brussels and Renaissance Brussels	Belgium	2	480	—	—	Pensioenfonds, GIC Real Estate	Marriott Hotels International	
35% Stake in Motel One	Germany	17	2,300	—	—	Morgan Stanley Real Estate	Motel One AG	
The Eton Collection	UK	5	246	—	—	MBI International	The Eton Collection	
Melin Group	France	5	305	—	—	Fonciere LFPI and Paninvest	Melin Group	
Seiler Hotels	Switzerland	4	1,819	—	—	Jelmoli Holding	Seiler Hotels	
19 Bonsai Hotels	France	19	1,000	—	—	Dynamique Hôtels	Bonsai Hotels	

Source: HVS London Office

sum to the European portfolio, HVS estimates the total volume of investment in European hotel portfolios to have been approximately €14 billion. This total is only marginally below the record volume of €14.5 billion recorded in 2006.

In 2007, HVS recorded 52 portfolio transactions, compared to 32 transactions the previous year. A summary of the portfolio transactions is shown in Table 1.

As it had done for the previous two years, the UK continued to lead portfolio transactions activity, with a 20% share of the total portfolio investment. This share is half last year's figure, when the UK accounted for 40% of total portfolio activity. However, transaction activity remained at similar levels, with a total of 13 deals recorded over the year. Noteworthy **UK portfolio transactions** include the following.

- Land Securities Trillium paid €711 million (€142,200 a room) for 30 Accor hotels in various locations in the UK. This portfolio comprised roughly 5,000 rooms in hotels branded as either Ibis or Novotel. Vendor Accor secured 84-year leases with 12-year breaks on variable rents. Land Securities

Trillium has agreed to upgrade the hotels with a budget of roughly €47 million;

- Irish private equity group Quinlan acquired the Jurys Inn Group (a portfolio of budget hotels in the UK and Ireland) for €1.16 billion, or €241,000 a room, from JDH Acquisitions, the company which took Jurys Doyle Hotel Group private in 2007. Quinlan is expected to continue the plans Jurys Inn had for expansion into continental Europe;

- Moorfield Real Estate Fund (MREF) acquired 24 hotels from Macdonald Hotels Ltd for €608 million, or €242,000 a room. The portfolio comprised 2,511 rooms of a three-star or four-star standard in hotels located in provincial UK cities.

Another trend that has become more evident is that investors have recently started to turn to alternative hotel investments, focusing on other hotel segments as luxury assets become scarcer and the availability of such properties becomes more limited. The number of transactions involving the budget and mid-market segments grew in 2007. The following are examples.

- As part of its strategy of growing in the UK budget hotel segment, private equity

firm JER Partners completed its acquisition of 11 Express by Holiday Inn assets owned and managed by Morethanhotels. Conversely, JER Partners is understood to be selling its stake in the Great Eastern Hotel in the City of London to Hyatt, its partner in the property. Hyatt has recently rebranded the hotel under its boutique Andaz brand;

- In the first half of the year, Accor sold 72 properties in Germany and 19 in the Netherlands to Moor Park Real Estate (MPRE) for €863 million. MPRE will lease back the properties, which are operated under the Novotel, Mercure, Ibis and Etape brands, on 84-year leases to Accor. The average price paid was €72,000 a room;

- With a business strategy geared towards the acquisition of underperforming hotels, Dynamique Hôtels, a hotel investment company established in 2006, acquired 19 budget hotels (a total of 1,000 rooms) that operate under the brands Bonsai Escale, Bonsai Etape and Bonsai Relais. Earlier in the year, Dynamique Hôtels bought ten Akena Hotels in France. Dynamique Hôtels now owns a portfolio of 78 multibranded hotels.

In 2007, hotel operators continued to divest their assets in order to become more asset-light, and thus undertook sale and leaseback or sale and manageback transactions. The following are examples.

- Continuing its strategy of asset disposal, Accor announced the sale of 57 hotels (8,200 rooms) in France and Switzerland for €518 million. The purchaser was a real estate consortium that included the institutional investor Caisse des Dépôts et Consignations and two funds managed by AXA Real Estate. The vendor will lease the hotels under its Novotel, Mercure, Ibis, All Seasons and Etap brands on 12-year variable leases;

- In September the privately owned Spanish hospitality group Barceló signed a long-term agreement to lease and manage 20 Paramount Hotels in the UK that had been acquired by Dawnay Shore Hotels. The hotels are to be rebranded and they will be a significant step into the UK market for Barceló;

- In an attempt to change its structure in the UK, Travelodge disposed of 17 of its assets in a sale and leaseback deal with Prestbury Hotels Ltd. The agreement will see the properties leased back for periods of between 25 and 35 years. About €150 million of the money raised will be used to reduce Travelodge's debt and the balance will be invested in further expansion;

- Property investor and fund aAIM made one of its largest purchases in January, acquiring six four-star properties from Permira. aAIM invested €410 million in a portfolio of 1,310 rooms, which have already seen a €70 million investment in refurbishment; aAIM is willing to invest a further €28 million in improvements and additional facilities. The transaction is part of a 25-year sale and leaseback deal with Principal Hotels.

Other noteworthy portfolio transactions include the following.

- Aside from selling the Nikko Düsseldorf, The Blackstone Group was active elsewhere in Germany. The private equity group invested €757 million in the 4,500-strong Deutsche InterHotels portfolio in cities across the country that included Berlin. The vendors included Aareal Bank and Deutsche Bank. The 14 hotels included in the deal are branded by Accor, Starwood and Rezidor;

- The second major company taken private last year was Four Seasons. Bill Gates, through his Cascade Investment vehicle, and Prince Alwaleed, via Kingdom Hotels International, offered US\$82 (€120) for each share in Four Seasons, valuing the chain at almost €3 billion. We have apportioned an estimated 20% of the transaction value to Four Seasons' 13 hotels in Europe;

- Following the Hilton merger, Hilton

Hotels Corporation decided to sell the Scandic hotel chain. EQT, a private equity group, paid €833 million (Å36,000 room) for the 132 hotels in nine European countries. The majority of these 23,000 rooms are leased, with a few under management or franchise contracts. Hilton is planning to introduce its successful US mid-market brands Hampton by Hilton and Hilton Garden Inn in the near future;

- Ireland-based Prem Group can look back on a very active investment year in 2007; following to single-asset deals in Liege and Antwerp, it acquired the 9-property strong 'Global Hotel Group' portfolio in France and Belgium for €65 million or €75,000 per room.

In 2008, we consider that the abundance of portfolio transactions will experience a slowdown, given the nature of the current global economy. Large-scale investments of the scale of the Blackstone/Hilton deal are likely to be postponed as banks become more cautious about debt in the short term. For small-scale and medium-scale deals, however, there is a certain flexibility for long-term investments. In general, the first half of the year looks to be more difficult for investors, and it is predicted that towards the end of the year the market should begin to recover.

Profile of Investors

In 2007, investor profiles were different again; private equity companies appeared at the top of the list with a share of 44% of the total transaction activity (see Figure 3). However, it should be noted that The Blackstone Group transaction accounted for 5% of the total portfolio activity and a notable 4% of the total investment volume in Europe in 2007. As The Blackstone Group is a private equity company, such activity resulted in the increased presence of private equity companies as an investor type. Private equity groups acquired assets worth €9

billion in 2007, compared to just over €5 billion the previous year. We note that the total investment value of the Hilton Hotels Corporation portfolio relates to traded European assets only.

- Hotel investment companies finished in second place with 18% of the total transaction value, a total investment of €3.3 billion. The contribution to investment showed a significant increase in absolute terms (it was €2.8 billion in 2006);

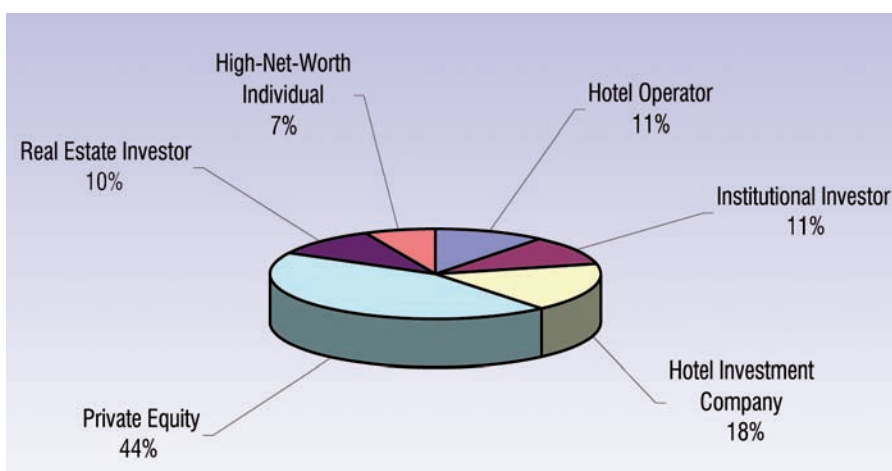
- Hotel operators showed the largest decrease in investment. In 2006 they accounted for 34% of the total transactions activity. As hotel operators continue to detach themselves from asset ownership, a downward trend in this category's investment activity is likely to continue in the future. Consequently, hotel operators accounted for 11% of the total transaction volume, equating to a value of €2.0 billion;

- Institutional investors followed closely behind with a share of 11% of the total transaction activity, a noteworthy increase in hotel investment on a share of 6% in 2006. Absolute investment values also demonstrated a significant increase, representing 60% growth on the previous year to a total value of €1.8 billion (€1.3 billion in 2006);

- Investment made by real estate investors amounted to €1.5 billion, or 10% of the total transactions made in 2007. Over the past two years, overall investment made by such buyers has decreased as other types of investor have arisen. Notable transactions made by real estate investors included the purchase of 30 Accor properties in the UK by Land Securities Trillium; the purchase of the Crowne Plaza Hotel London City by Italian investor Gruppo Statuto; and the purchase of the Fairmont Monte Carlo by London & Regional Properties;

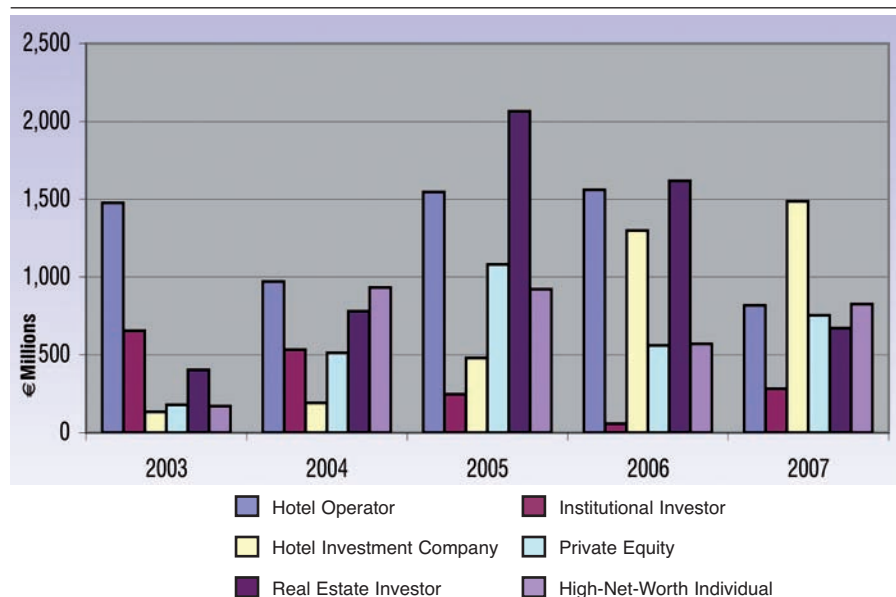
- High-net-worth individuals accounted for a total share of 7% of the total transaction

Figure 3 Single Asset and Portfolio Investment Activity by Buyer Category 2007 (€ millions)



Source: HVS London Office

Figure 4 Single Asset Investment Activity by Buyer Category 2003-07 (€ millions)



Source: HVS London Office

activity in 2007. It should be noted that high-net-worth individuals were more active in transactions activity in 2007. Buyers in this category demonstrated a slight increase in their total share compared to the previous year (3%), and they contributed greatly in terms of absolute values with a 78% increase on the previous year: a total investment of just over €1 billion (€585 million in 2006). This has been the greatest amount of investment by such investors since 2004.

In contrast to 2006, 2007 saw an increase in large-scale investment made by private equity funds, as hotel operators moved away from asset ownership and disposed of their properties by management or sale and leaseback contracts. As a result of such agreements, hotel operators gain a considerable sum of capital that can be put towards refurbishment or be used to fund acquisition and development activity in new markets or brands. We expect the presence of private equity and institutional investors in

hospitality investment to increase in the future. We expect to see too the emergence of high-net-worth individuals as prominent investors, as such buyers are less dependent on debt.

- In regard to single asset transactions, hotel investment companies led the investors' table for the first time after showing a sharp increase on the previous year (see Figure 4). With a share of 22% of all single asset transaction activity in 2006, their relative share increased to 31% and a total investment of €1.9 billion. Major investments undertaken by hotel investment companies include the acquisition of the Hilton Hotel Liverpool and the Cambridge Garden House by the Ability Group;

- Investment activity by hotel operators accounted for 16% of all single asset transactions (€819 million), which is lower than the 27% share the previous year. Significant transactions included the

acquisition of the Radisson SAS Hotel Champs Elysees in Paris by Luxury Hotel Group, Amberley Castle by von Essen Hotels, and numerous transactions in the UK and Spain;

- Real estate investors were not as active in 2007 as they had been in the previous two years. Real estate investors' share of the total single asset transactions value decreased from 28% in 2006 to 14% in 2007. The total monies invested by this category amounted to €746 million;

- High-net-worth individuals increased their share of single asset transaction activity from just above the 10% seen in 2006 to 17%. The acquisition by Bahraini investors of the Four Seasons Hotel London and the purchase of Dublin's landmark hotel The Burlington Hotel are examples of investments made by high-net-worth individuals in 2007: investments that totalled €827 million;

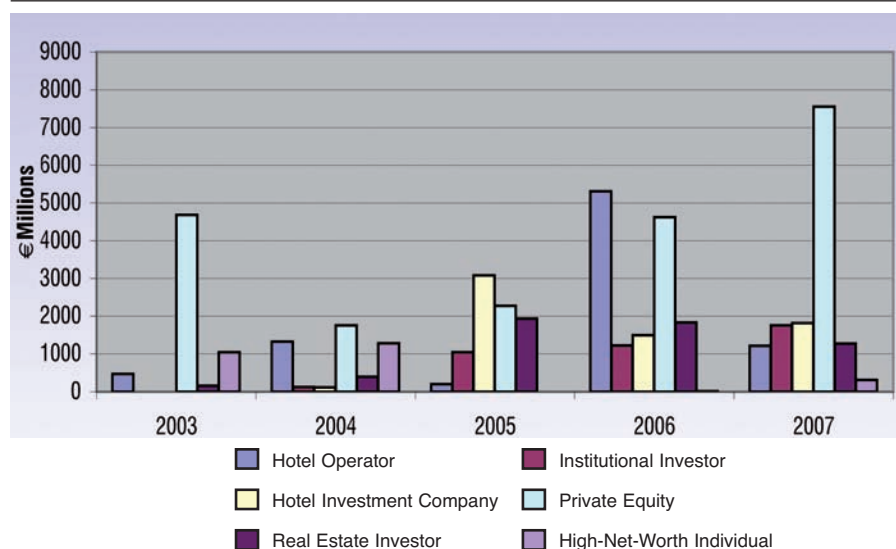
- Although institutional investors and private equity firms were not particularly prominent in acquiring single assets in 2006, increased activity by both categories, especially private equity companies, was seen in 2007. Institutional investors and private equity firms together accounted for around 21% of the total single asset activity, with private equity alone accounting for 16%. In terms of value invested, there was a 59% increase, amounting to a total single asset transaction value of just over €1 billion (€617 million in 2006).

When we consider portfolio transactions, the dominance of private equity companies as the main investor type is evident; they accounted for most of the value of portfolios traded in 2007 (see Figure 5). This is less of a surprise, however, given the purchase of Hilton Hotels Corporation by The Blackstone Group. This deal had a great impact on total portfolio transaction activity.

- Private equity companies' share of total portfolio activity soared from 32% to 54%, on account of the acquisition of Hilton Hotels Corporation (HHC), as explained previously. Other activity included the acquisition of Four Seasons Hotels & Resorts by Cascade Investments; the purchase by EQT of Scandic Hotels from Hilton Hotels Corporation; and the sale of 28 Thistle Hotels in the UK to CIT. Private equity companies' investment in portfolios totalled €8.7 billion. Although total investment by private equity has been slightly influenced by the HHC transaction, we note that by factoring out this prominent deal, private equity investment remains significant, with a 52% share of total portfolio activity and total value of €7.6 billion, compared to €4.6 billion in 2006;

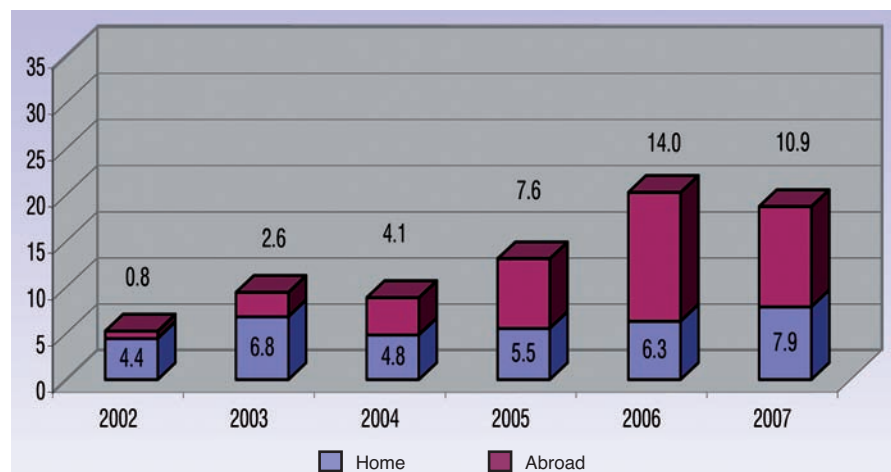
- Institutional investors accounted for a 13% share of the total portfolio activity. This is a slight increase on the 8% of 2006, thus proving such investors will be active buyers

Figure 5 Portfolio Investment Activity by Buyer Category 2003-07 (€ millions)



Source: HVS London Office

Figure 6 Single Asset and Portfolio Transactions 2002-07 (€ millions)



Source: HVS London Office

and future contenders in the hotel investment market. Total investments made by institutional investors amounted to €1.8 billion. Major deals include the sale of ten Hilton hotels to Morgan Stanley Real Estate Fund, and the acquisition of 57 Accor hotels by AXA REIM and CDC;

- Investments made by hotel investment companies totalled approximately €1.8 billion, or 13% of the total portfolio activity. Highlights were deals such as the acquisition of 20 Paramount Hotels in the UK by Dawnay Shore Hotels; the acquisition by Prem Group of nine of InterContinental Hotels Group's properties; and the acquisition by MBI International, an investment company from the Middle East, of the five UK properties in The Eton Collection;
- Hotel operators invested a total of €1.2 billion. Their relative share of 9% of the total portfolio transaction value was a decline on the previous year to levels similar to those seen in 2005. More than half of this amount was spent on deals in the UK;
- High-net-worth individuals continued to make little impact on portfolio activity in terms of value, with an estimated total of €319 million and a 2% share of portfolio activity. We note, however, that there was an increase in activity by this group of investors, with four transactions recorded over the course of the year, the price of only one of which was disclosed.

Cross-Border Activity

European hotel assets continue to attract investors from all over the world. In the first half of the year, cross-border deals continued to be facilitated by the euro, as it allowed greater

transparency and increased the pool of potential lenders and investors seeking to invest in European markets.

In 2007, 42% of all acquisitions, a total of €7.9 billion, were made by buyers in their home countries. Acquisitions made abroad totalled €10.9 billion, or 58% of the total transaction value. Among single asset transactions, the proportions shift towards a higher domestic share (60%) whereas portfolios tend to be acquired by foreign buyers predominately (64%). This is illustrated in Figure 6.

The investment trend has thus practically reversed in recent years, with 69% of total investment volume undertaken abroad in 2006, and 2007 proving to be another important year for acquisitions abroad, with a share of 58%. However, there are some markets, such as Italy and Spain, where domestic transactions in both the single asset and the portfolio sector remain dominant, with the exception of trophy assets that attract a lot of interest from foreign buyers.

Asset ownership in Europe has primarily been dominated by European hotel companies. As capital becomes more readily available in locations such as the Middle East, including Israel, this trend is likely to continue changing and we expect to see even more Middle Eastern investors (such as MBI International, the buyers of The Eton Collection in the UK) and Israeli investors (such as Jelmoli Holding, which acquired the portfolio of Seiler Hotels) trading hotel assets in Europe. The emergence of eastern European investors is another trend likely to become commonplace in the future as interest in the sector rises and investment in the region increases. Examples of transactions made by such investors include the acquisition by Russian real estate and construction company Mirax Group for €250 million of the Sungate Port Royal Hotel in Turkey.

Credit Crunch - Investor Scare?

Until the end of summer 2007, the year performed well, keeping up the investment levels of the previous year and proving to be another record year for hotel transactions. As hotel operators downsized their ownership portfolios by divesting assets, new investors, such as private equity companies and institutional investors, became solid partners, demonstrating a continued strong appetite for hotels. With buyers outnumbering sellers and RevPAR growing, hotel values increased strongly. This, in turn, resulted in significant general yield compression, with yields being paid for mainstream hotels that several years ago were only in evidence for true trophy assets.

As their enthusiasm for hotel investment increased, investors were more prepared to pay out large sums of cash for hotel assets. So much so that, in the first half of 2007, the strength of the hotel market resulted in a number of major transactions taking place. Private equity companies and institutional investors became increasingly more active and demonstrated their influence on the hotel investment market by securing a number of portfolio deals for high prices. This strong trading environment is further exemplified by transactions such as the Hilton/Blackstone deal, the Four Seasons Hotels portfolio deal, as well as Hilton's disposal of Scandic Hotels.

The credit crunch started to show signs of taking hold at the end of the first half of 2007; this in turn had an impact on investment activity for the remainder of the year, as lenders became more cautious over hotel investment credit. As a consequence, fewer deals were concluded in the second half of 2007, with many investors adopting a 'wait and see' attitude, by which deals were postponed or withdrawn from the market. Such was the case in the sale of the Malmaison and Hotel du Vin portfolios, which had the remarkable asking price of €1 billion. Potential buyers, including Robert Tchenguiz and Derek Quinlan, decided to withdraw their bids as credit availability decreased. RBS also suffered from the impact of the 'crunch' when it decided to sell 15 of its hotels, of which 12 were Hilton properties, to the bank's former head of principal finance for approximately €1.6 billion. The deal was withdrawn on account of debt market turbulence. aAim is another investor that felt the impact of lenders' resistance. Its €870 million deal on 18 Queens Moat Houses and Kew Green had to be postponed on account of the difficulty it had in raising debt through its financier.

We have seen too a sharp fall in loan to value (LTV) ratios. The crazy days of LTVs of up to

90% (and higher) are gone and whereas a few months ago an LTV of 70% or 75% for an established hotel in a mature market seemed perfectly reasonable, today 70% seems to be the absolute maximum, even for the surest of bets. At the same time, the cost of debt finance has increased and financial markets seek increased margins on base rates, with 130 to 140 basis points seeming to be the starting point of the range on offer. The cost of equity has remained fairly constant on account of the availability of cash-rich private individuals and private equity firms that have entered the hotel investment arena. Furthermore, we have witnessed a narrowing of the yield gap between leased and managed hotels. Hotels on heavy lease agreements have typically sold for significantly lower values than managed hotels have.

Despite tougher recent market conditions, hotels continue to attract investors' interest, as the overall European hotel market maintains its levels of performance. Although it is undeniable that as a result of the subprime crisis there is less debt available for investors, it should be noted that opportunities in the market remain. The luxury segment is expected to feel less of an impact from the current situation, as billionaire Middle Eastern investors, with increasingly liquid prosperity, continue to give preference to trophy assets and are ready to put their money into such investments. These buyers may well be joined by new-found billionaires in emerging countries such as India, Russia, and China who will be keen on European investments. We expect to see further opportunities in central and eastern European markets as these countries still show considerable upside potential.

Conclusions and Outlook

With the benefit of hindsight, it is now clear that mid 2007 marked the turning point in the European hotel investment market cycle, with the previous 18 months representing the peak in the market. However, it ought clearly to be noted and recognised that two cycles affect hotels. The first concerns hotel trading performance and the second the investment market and investor appetite. Although there is an overlap of and a correlation between these two cycles, unlike in previous downturns hotel trading performance is for the most part continuing to improve, albeit at much more subdued levels than in recent years. In contrast, it is the meltdown in the debt financing markets that has caused the investment market cycle to go 'over the top' and cause a decline in hotel values, rather than a collapse in trading performance precipitating the fall.

Thus, readers of HVS's sister publication the European Hotel Valuation Index ('HVI') will note that the decline in hotels values due to the collapse of the debt markets has been counterbalanced in many instances by improved trading performance over the preceding 12 months. Indeed, in some markets the end result has been an increase in value, albeit that the increase in most cases has been marginal. Although there is no doubt that had we published an edition of the HVI in mid 2007 the values reported would in all likelihood have been higher than they were by the year end, the results of our annual survey are, nonetheless, encouraging.

The biggest 'unknown' as this article goes to print is how long the trading performance of European hotels can hold out against declining economic prospects. Can the slashing of interest rates in the USA invigorate the markets and investors across the Atlantic and pull the USA quickly out of recession, or are the widely reported structural problems in the US economy too grave to be saved by interest rate cuts alone and is a major correction on the horizon? We must question to what extent Europe can weather the economic storm and ask can Europe avoid being dragged down too and thus avoid a recession of its own?

As we move through 2008, we may find when we look back at the year in 12 months' time that the debt financing markets, having changed so dramatically, are unlikely to bounce back quickly enough to have a lasting impact on the hotel investment market. Many banks have closed their doors completely to new debt financing and the securitisation players are well and truly closed for business for the time being.

On the positive side, the impact of the credit crunch appears to be most severe in the UK. Its severity seems to lessen the further east one moves across Europe. For instance, we see a much smaller impact in eastern Europe and continued appetite for the development of new hotels in locations such as Croatia, and across provincial Poland and into Russia. Meanwhile, in the Nordic hotel markets the impact seems to have been negligible so far, as evinced by the sale of a portfolio of 39 hotels across Finland and Sweden by Northern Europe Properties in January 2008.

Although there were a handful of single asset deals at the start of 2008, such as the sale of the Hilton Rhodes Resort in Greece and the Montcalm Nikko Hotel in London, Charles Human, of our sister company HVS Hodges Ward Elliott, commented: "the European transaction market has most definitely slowed dramatically, and whilst it hasn't completely ground to a halt, deals are difficult to negotiate and take longer to

conclude in the absence of a healthy debt financing market." Rudy Reudelhuber, also of HVS Hodges Ward Elliott, observed: "the majority of vendors remain in an excellent position, with few needing to sell. This is causing an imbalance in market pricing as vendors don't need to accept price reductions whilst purchasers expect to achieve discounted prices on account of higher financing costs and uncertain future trading potential. This imbalance is thus causing a stalemate with deals less likely to happen until the two sides move closer in their expectations."

As we ponder our expectations for 2008 it is difficult to conclude at this point in time whether the markets really can weather the storm for now and bounce back in late 2008 or early 2009, or whether they are simply adrift in the fog with little visibility as to the way ahead. In our opinion, there are deals to be done but the smart investors will be those who carefully analyse the trading performance of the hotels and markets they are considering and who in seeking debt financing are realistic in their expectations, paying close attention to debt coverage and serviceability of the loan, while not expecting to achieve unrealistic exit strategy positions.

In general, we expect that the first half of 2008 will see a slowdown in the number of deals being completed, as many are currently postponed and investors have become cautious about the current environment. However, it is expected that the market will start to make its recovery in mid 2008. Solutions to the credit crunch may be found so that once again we may be able to see a stabilisation of interest rates and an increase in hotel property values and in the volume of hotel transactions.

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March 2008

Table 2 European Single Asset Hotel Transactions 2007 (€)

Property	City	Country	Rooms	Sales Price	Sales Price Per Room	Buyer	Seller
Corinthia Antwerp (now Ramada Plaza Antwerp)	Antwerp	Belgium	210	15,500,000	74,000	Prem Group	Undisclosed
The Bedford Hotel	Liege	Belgium	148	13,500,000	91,000	Prem Group	Undisclosed
Hilton Cyprus Hotel	Nicosia	Cyprus	298	58,500,000	196,000	MIG Leisure	The Cyprus Tourism and Development Company
Copenhagen Marriott	Copenhagen	Denmark	395	63,000,000	159,000	The Blackstone Group	Hotelinvest Kalvebod
Radisson SAS Hotel Tallinn	Tallinn	Estonia	280	Confidential	—	Boutbee	Pontas Group
Dolce Chantilly Hotel	Chantilly, Paris	France	200	45,000,000	225,000	Banimmo Real Estate	Dolce/AEW LP
Sofitel Nice	Nice	France	152	Confidential	—	Invesco Real Estate	Undisclosed
Golden Tulip Porte St Cloud	Paris	France	178	21,300,000	120,000	Fonciere des Murs	Undisclosed
Holiday Inn Bastille	Paris	France	125	14,000,000	112,000	Private Investors	AP-HP
Radisson SAS Champs Elysees	Paris	France	46	21,000,000	457,000	Luxury Hotel Group	Undisclosed
Hotel Le Parc Trocadero	Paris	France	116	66,500,000	573,000	Strategic Hotels and Resorts	Accor Hotels
Hotel in Rue Lafayette	Paris	France	103	75,000,000	728,000	Derby Hotels + Metropolis Inmobiliarias	Undisclosed
Holiday Inn at Disneyland Resort Paris	Paris	France	396	23,000,000	58,000	Warimex	Undisclosed
Dolce Fregate	St-Cyr-sur-Mer	France	133	30,000,000	226,000	Inchydoney Partnership	Dolce/AEW LP
Sheraton Metechi Palace Hotel	Tbilisi	Georgia	140	49,439,025	353,000	Rakeen Development	Metechi
Hotel in Otto-Braun-Strasse	Berlin	Germany	350	42,000,000	120,000	Investa	Undisclosed
Ibis Berlin-Reinickendorf	Berlin	Germany	116	Confidential	—	Grand City Hotels and Resorts	Undisclosed
Crowne Plaza Cologne	Cologne	Germany	301	58,000,000	193,000	Losan Hotels World	Undisclosed
Nikko Hotel Düsseldorf 1	Düsseldorf	Germany	301	114,000,000	379,000	Benson Elliot Capital Management	The Blackstone Group
Lindner Airport Hotel Düsseldorf	Düsseldorf	Germany	239	32,000,000	134,000	Invesco Real Estate	Undisclosed
NH Hotel Erlangen	Erlangen	Germany	138	11,000,000	80,000	LB Immo Invest	NH Hoteles
Holiday Inn Hamburg Stellingen (Kielstrasse)	Hamburg	Germany	105	9,000,000	86,000	Grand City Hotels & Resorts	Westmont Hospitality Fund
Maritim Hotel Reichshof	Hamburg	Germany	303	Confidential	—	The Blackstone Group	A German fund
Le Meridien Hamburg-Stillhorn	Hamburg	Germany	150	Confidential	—	Fattal Hotels	Starman UK Services Company (Starwood Capital + Lehman Brothers Holdings)
Steigenberger Hotel Jena	Jena	Germany	179	Confidential	—	H.F.S. Immobilienfonds 12	Undisclosed
Atrium Hotel Munich	Munich	Germany	160	14,900,000	93,000	Herkules Grundbesitz	Familie Kordt
Best Western Nuremberg	Nuremberg	Germany	234	15,000,000	64,000	Euro Ejendomme	Undisclosed
Mercure Hotel Fontana	Stuttgart	Germany	252	30,000,000	119,000	Euro Ejendomme	Undisclosed
Dorffotel Sylt	Sylt	Germany	178	24,400,000	137,000	Lloyds Fonds Hamburg	GBI Gesellschaft für Beteiligungen und Immobilienprojekentwicklung
Rothstein	Windhagen	Germany	110	Confidential	—	Undisclosed	Harald Rohstein
Radisson SAS Birdland Resorts and Spa	Bukfurdo	Hungary	280	Confidential	—	Taverna (Hungarian Hotel and Catering Company)	Undisclosed

Source: HVS London Office

Table 3 European Single Asset Hotel Transactions 2007 (€) - continued

Property	City	Country	Rooms	Sales Price	Sales Price Per Room	Buyer	Seller
Tower Hotel Derry	Derry	Ireland	93	7,500,000	81,000	Smorgs Ireland	Tower Hotel Group (THG)
Jurys Montrose Hotel	Dublin	Ireland	178	40,000,000	225,000	Select Retail Holding	Jurys Doyle Hotel Group
The Burlington Hotel	Dublin	Ireland	550	288,000,000	524,000	Bernard McNamara	Jurys Doyle Hotel Group
Earl of Kildare Hotel	Dublin	Ireland	33	17,000,000	515,000	Larry Goodman	Undisclosed
Finnstown Country House	Lucan, Co. Dublin	Ireland	50	45,000,000	900,000	Citywest Group	Hickey Family
Timakilly Country House	Rathnew, Co. Wicklow	Ireland	53	10,000,000	189,000	Cova Properties	Power Family
Forte Village	Sardinia	Italy	758	312,000,000	412,000	FIMIT	LB FV LLC
Fairmont Monte Carlo	Monte Carlo	Monaco	619	310,709,700	502,000	London & Regional	Bank of Scotland, Fairmont, and Prince Alwaleed bin Talal
Rica Hotel Bodo	Bodo	Norway	113	10,730,580	95,000	Norgani Hotels ASA	Wiland Eiendom
Clarion Collection Hotel Bastion	Oslo	Norway	99	16,176,256	163,000	Norgani Hotels ASA	Akershøven AS
Park Inn Oslo	Oslo	Norway	118	21,990,000	186,000	Norgani Hotels ASA	Kristiania Eiendomforvaltning AS
Hotel in Kazimierz	Kazimierz	Poland	115	19,170,000	167,000	Europejski Fundusz Hipoteczny (EFH)	Undisclosed
Orbis Grand	Lodz	Poland	161	20,600,000	128,000	Anonymous buyer	Orbis Hotel Group
Sofitel Thalassa Vilalara	Lagoa	Portugal	131	25,000,000	191,000	Amorim	Accor
Golden Tulip Sky Gate	Bucharest	Romania	108	20,000,000	185,000	Warimpex	Romanian-American Enterprise Fund (RAEF)
Iris Congress Hotel	Moscow	Russia	200	87,500,000	438,000	City Developments Ltd (CDL)	Soft Proekt
Hotel Prag	Belgrade	Serbia	116	10,400,000	90,000	Private Investors	Serbia's Privatisation Agency
Prestige Forest	Barcelona	Spain	134	50,300,000	375,000	Prestige Group	Habitat Hotels
SB Diagonal Zero	Barcelona	Spain	262	80,000,000	305,000	SB Hotels	Espais & Lasia Promociones
Sorra D'or	Barcelona	Spain	257	12,500,000	49,000	Ibersol	Sorra Dourada S.A
Los Patos	Bernalmadena	Spain	277	Confidential	—	Montealto 2001 SL	Jaime Martinez Zapata (Aresim SL)
Meliá Caceres Boutique Hotel	Caceres	Spain	86	Confidential	—	Izan Hoteles	Sol Meliá
Meliá Cordoba	Cordoba	Spain	155	40,000,000	258,000	AC Hotels	PRASA
Playa Real	Ibiza	Spain	245	20,000,000	82,000	Zear Grupo de Inversion	Playa Real SA
Hotel Algarb	Ibiza	Spain	408	Confidential	—	Playa Sol Hotels	Fiesta Hotels & Resorts
Esmeralda	Lloret de Mar	Spain	155	Confidential	—	Fetu SL	Roxana Hotels SA
Las Vegas	Málaga	Spain	106	28,000,000	264,000	Jale Grupo	Vegas Málaga SA
Formentor	Mallorca	Spain	127	56,700,000	446,000	Riu Hoteles	Undisclosed
Menorca Sea Club	Mallorca	Spain	148	Confidential	—	Nueva Rumasa	Cala Mart SA
Samoa	Mallorca	Spain	350	Confidential	—	Nueva Rumasa	Hoteles Costa Oriental SA

Source: HVS London Office

Table 4 European Single Asset Hotel Transactions 2007 (€) - continued

Property	City	Country	Rooms	Sales Price	Sales Price Per Room	Buyer	Seller
Cala Millor Park	Mallorca	Spain	205	Confidential	—	Hipotels	Iberostar Hotels & Resorts
Incosol	Marbella	Spain	192	50,000,000	260,000	Jale Grupo	Instituto de la Costa del Sol
Melía Merida Boutique Hotel	Merida	Spain	76	Confidential	—	MCA Hoteles	Melía Merida SL
Onda	Onda	Spain	61	6,000,000	98,000	Medgroup	Onda Hotel SL
Atlantis	Puerto de la Cruz, Tenerife	Spain	320	Confidential	—	Inversiones Hoteleras Lanzarote SL	Hotel Atlantis Playa SA
H10 Playa Margarita	Salou	Spain	199	Confidential	—	Francisco Roig Marti	Group H10 Hotels
Hotel Misiana	Tarifa	Spain	12	2,200,000	183,000	Piero Fabri	Ana Torroja
Pueblo Eldorado Playa	Tarragona	Spain	186	Confidential	—	Medgroup	Hotelplan International Organization
Hotel de Iberdrola (future Selenza Valladolid)	Valladolid	Spain	84	30,000,000	357,000	Rayet Hotels	Iberdrola
Tryp Hidalgo	Valpena	Spain	54	2,250,000	42,000	El Hidalgo Hotels	Sol Meliá
Radisson SAS Hotel Linköping	Linköping	Sweden	91	11,037,295	121,000	Warimpex	Undisclosed
Nash Rex	Geneva	Switzerland	70	17,000,000	243,000	Losan Hotels World	Undisclosed
Hotel Righhof	Zürich	Switzerland	67	Confidential	—	Fattal Hotels	Undisclosed
Sungate Port Royal Hotel	Antalya	Turkey	1174	250,160,440	213,000	Mirax Group	Cengiz Construction Company
InterContinental Ceylan	Istanbul	Turkey	380	113,000,000	297,000	Private Investor	Undisclosed
Amberley Castle	Arundel	UK	19	17,754,840	934,000	von Essen Hotels	The Cummings Family
Bailbrook House	Bath	UK	78	15,067,600	193,000	Hilwood Resorts & Hotels	Sundial Group
Ramada Birmingham City Centre (60% stake)	Birmingham	UK	45	15,724,031	349,000	Shiver	Premier VCT (Mailbox)
Hacketts York House Hotel	Blackpool	UK	102	Confidential	—	Private Investor	Undisclosed
Avon Gorge Hotel	Bristol	UK	76	22,933,335	302,000	Swire Properties Hotels Holdings	Peel Hotels
Cambridge Garden House	Cambridge	UK	122	72,000,000	590,000	Ability Group	Whitehall Funds/WHG
Express by Holiday Inn Canterbury	Canterbury	UK	89	Confidential	—	Evecom Ltd	Morethanhotels Ltd
The St David's Hotel & Spa	Cardiff	UK	132	49,374,975	374,000	Principal Hayley Hotels	Rocco Forte Hotels
Jurys Cardiff	Cardiff	UK	146	23,479,680	161,000	Mountain Capital	Jurys Doyle Hotel Group
Hilton Cardiff	Cardiff	UK	200	59,303,200	297,000	Tonstate	Marcol Group
Hunstrete House	Chelwood, nr Bath	UK	25	8,804,880	352,000	von Essen Hotels	Undisclosed
Cotswold House Hotel and Noel Arms	Chipping Camden	UK	55	21,384,000	389,000	Diamond Lodge Properties	Private owners
Caledonian Hilton	Edinburgh	UK	251	76,493,769	305,000	The Caledonian Operating Company Ltd UK	Hilton Hotels Corporation
Apex International Hotel	Edinburgh	UK	170	55,080,000	324,000	Habro Properties	Norwich Property Trust
Radisson SAS Glasgow	Glasgow	UK	247	103,307,640	418,000	Strategic Investment Management	WG Mitchell

Source: FVS London Office

Table 5 European Single Asset Hotel Transactions 2007 (€) - continued

Property	City	Country	Rooms	Sales Price	Sales Price Per Room	Buyer	Seller
Langs Hotel	Glasgow	UK	100	18,000,000	180,000	WG Mitchell	Prestwick Hotels
Corus Hotel	Glasgow	UK	121	Confidential	—	Whitbread	Folio Hotels
Hythe Imperial Hotel	Hythe	UK	100	Confidential	—	GSE Group	QHotels
Gala Hilton Hotel and Casino	Isle of Man	UK	150	Confidential	—	Sefton Group	Hilton
De Montfort Hotel	Kentworth	UK	108	Confidential	—	Maccdonald Hotels	Khama Enterprises
Hilton Hotel Liverpool	Liverpool	UK	216	88,774,200	411,000	Ability Group	Grosvenor
Crowne Plaza Hotel London – The City	London	UK	203	123,057,600	606,000	Gruppo Statuto	Blackfriars Hotels
Four Seasons Park Lane London	London	UK	219	103,311,600	472,000	Bahraini royal family	Kingdom Hotel Investments
11 Cadogan Gardens	London	UK	60	36,897,000	615,000	Paul Davis	Private Investors
Leinster House Hotel	London	UK	93	33,290,325	358,000	Minerva & Northacre	Mr & Mrs Gerrard
Blakes Hotel	London	UK	49	48,960,000	999,000	GuestInvest	Sir Mark Weinberg/Anouska Hempel
Bonnington Hotel	London	UK	260	100,000,000	385,000	WG Mitchell	Bonnington Group (owned by McGettigan family)
Draycott Hotel	London	UK	35	Confidential	—	Mantis Collection	Private Investor
Averard Hotel	London	UK	60	Confidential	—	Private International Investor	Private investor
Waldorf Hilton	London	UK	299	Confidential	—	Private Investor	RBS
Montcalm Hotel Nikko London	London	UK	120	Confidential	—	Undisclosed	Japan Airlines Corp (JAL)
Citilodge Hotel	Nottingham	UK	90	Confidential	—	Butterfly Hotels	Alan and Sue Morris
Dunblane Hydro Hotel	Perthshire	UK	206	Confidential	—	Ability Group	Sardon
Travelodge Reading	Reading	UK	96	13,824,000	144,000	Habro Properties	Private Investor
Leopold Hotel	Sheffield	UK	90	14,300,000	159,000	Santana Management	ASK Developments
Hilton St Helens	St Helens	UK	82	9,360,000	114,000	WG Mitchell	Hilton
Stratford Victoria	Stratford-upon-Avon	UK	102	Confidential	—	QHotels	Frankonia Hotels
Express by Holiday Inn, Strathclyde	Strathclyde	UK	120	9,288,000	77,000	Geminex Hotels & Leisure Management Group	LRG Acquisition
The Spa Hotel	Tunbridge (Kent)	UK	69	14,674,800	213,000	Goring Family	Chris Scragg, Scragg Hotels
Hawkstone Park	Weston-under-Redcastle	UK	66	15,534,855	235,000	Principal Hayley Hotels	Undisclosed
Best Western Monk Bar	York	UK	99	18,720,000	189,000	Shiva Hotels	Leisurepoint

Source: HVS London Office



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