



29 October 2015

Joint-Venture of Benson Elliot, Walton Street, Algonquin book into pan-European hotel portfolio for €420 million

A joint venture between private equity real estate fund managers, UK-based Benson Elliot and US-based Walton Street Capital, L.L.C. (“Walton Street”) in partnership with Algonquin SA (the “JV”), has acquired a pan-European hotel portfolio comprising of eight prime hotels in seven major cities across five countries, the Prime Europe Hotels (the “Portfolio”) for approximately €420 million. The Portfolio was purchased out of Host Hotels & Resorts Inc.’s European Joint Venture (the “Vendor”).

The eight freehold properties total 2,308 rooms in Venice, Paris, Milan, Rome, Warsaw, Nuremberg and Brussels, located adjacent to key demand generators, either in metropolitan city centres, high-growth commercial corridors or leisure destinations. Assembled between 2006 and 2011, the Portfolio has a profitable trading profile and strong cashflow.

The Portfolio comprises the following assets:

- The Pullman, Paris Bercy
- The Westin Europa and Regina, Venice
- The Westin Palace, Milan
- The Sheraton, Rome
- The Sheraton, Warsaw
- Le Méridien Grand Hotel, Nuremberg
- The Marriot Executive Apartments, Brussels
- Renaissance Hotel, Brussels

The assets have benefited from substantial investment in recent years, and significant opportunities remain for the JV to create further value through the implementation of targeted asset management initiatives.

Trish Barrigan, Benson Elliot Senior Partner, said:

“This is a significant transaction for Benson Elliot, concluded with trusted partners like Algonquin, who we worked closely with on our Novotel Edinburgh Park investment. The portfolio is of exceptionally high quality, with opportunities to grow income and value in a sector attracting increasing attention from investors.”

Robert Bloom, Senior Principal at Walton Street, said:



“This Portfolio represents a high-quality collection of full-service branded assets that is being acquired at both an attractive yield and significant discount to replacement cost, at what we believe is an opportunistic point in the investment cycle. We are excited about this transaction and look forward to working with our JV partners, Benson Elliot and Algonquin, to maximize value.”

Jean-Philippe Chomette, CEO at Algonquin, said:

“We are very pleased to be associated in this acquisition with two major international investment partners, such as Benson Elliot and Walton Street. The inherent quality of each asset in this portfolio, their prime locations and the first class operators of these hotels will help us further optimize their value through material refurbishment programs and enhanced operational efficiencies.”

The JV was advised on the transaction by Paul Hastings and Deloitte.

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For further information:

Benson Elliot

Trish Barrigan, Senior Partner

Matilda Lane

+44 (0) 20 7808 8900

Matilda.lane@bensonelliot.com

Walton Street

Robert Bloom, Senior Principal

+1 312 915 2803

BloomR@waltonst.com

FTI Consulting

Dido Laurimore / Claire Turvey

+44 (0) 20 3727 1000

Dido.laurimore@fticonsulting.com

Claire.turvey@fticonsulting.com

About Benson Elliot:

Benson Elliot Capital Management LLP, founded in 2005, is a leading independent private equity real estate fund manager, with over €1 billion of equity under management. The UK-based, FCA regulated firm has a pan-European investment platform and has transacted in the UK, France, Germany, Italy, Spain, Central Europe and Scandinavia. The firm is led by Marc Mogull, Trish Barrigan and Joseph De Leo.



Benson Elliot holds a diversified real estate portfolio, currently comprised of office, retail, hotel and residential assets. The Benson Elliot team has experience in delivering superior risk-adjusted returns through active and innovative investment management, investing successfully through market cycles.

About Walton Street:

Walton Street Capital, L.L.C. (“Walton Street”) is a private equity real estate investment firm based in Chicago. Since its founding in 1994, affiliates of Walton Street have received total equity commitments of over \$8.5 billion from public and corporate pension plans, foreign institutions, insurance companies and banks, endowments and foundations, trusts, and high net worth individuals. Through its affiliates, Walton Street has invested and/or committed to invest \$7.5 billion of equity in more than 300 separate transactions in U.S. and international real estate, including the development and acquisition of office, hotel, retail, industrial, multi-family, for-sale residential, senior and student housing, gaming and other assets through both individual, portfolio and company-level transactions with a gross asset cost of over \$21 billion.

Through its affiliates, Walton Street has previously acquired or developed 69 hotels.

About Algonquin:

Algonquin has developed a twofold expertise in the hotel asset management sector, as both equity investor and independent hotel operator. With 41 hotels and more than 7,000 rooms, it is one of the leading companies in Europe for Hotel Investments and Hospitality Asset Management. With offices in Paris, London and Brussels and a team of recognized international hoteliers and specialists of the European hotel real estate, Algonquin accompanies its investment partners by directly participating in equity investments as well as overseeing all operational issues specific to this asset class.