



## HVS Hospitality Enews – W/e 31 October 2003

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### Fiendishly Good Interims From Whitbread

The depression dogging **Whitbread's** **Marriott**-branded hotels scarcely troubled the other members of the company's family as they got together to vanquish the difficult market conditions and help Whitbread record pre-tax profit before exceptionals of £134.7 million for the 26 weeks to 30 August, an increase of 11.0% on the previous year's comparable figure. **Travel Inn** was the thoroughbred in the hotel stable with sales up 9.9%, at £114 million, and operating profit up 7.9%, at £38.3 million. Though the Marriott hotels could not match these figures – sales of £194 million and operating profit of £32.2 million were down 1.2% and 12.0%, respectively – they proved themselves not quite ready for the knacker's yard by posting total RevPAR that was 16% ahead of the market and keeping occupancy steady at 72%. However, the brand's anomalous performance left the Financial Times to ponder whether some selective culling might be in order. The newspaper reported that Whitbread might sell a £200 million chunk of its £1.2 billion Marriott portfolio and invest the proceeds elsewhere in the business. Whitbread apparently denied plans for any sale but was quoted in another report as saying that the portfolio might experience a 'shift around the edges in asset allocation'.

### Here A Sale, There A Sale (Repeat 15 Times)

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**Macdonald Hotels**, which was last month taken private by **Skye Leisure Ventures**, has put 15 hotels in England up for sale. Reported to be priced at between £2 million and £7 million each, the subject properties, which total 825 rooms, cover all points of the compass, and, according to company Chief Executive **Patrick Dempsey**, they are being sold to streamline the portfolio and because they do not fit in with strategic plans; those plans call for more development in city centres.



## Jarvis's Special Kayterm Calms Trefick

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Jarvis Hotels' Executive Directors John Jarvis and Richard Thomason have joined forces with David Andrews and Michael Tunney of venture capitalists Lioncourt Capital, and, under the collective name of Kayterm, they have put forward plans to buy Jarvis Hotels at 145p per share. If any offer were to be made, then Kayterm could proceed safe in the knowledge that its rival, Jack Petchey's investment vehicle Trefick, which holds a stake of 29.7%, would not stand in its way. News of Kayterm's proposal comes just weeks after press speculation linked Trefick with a takeover offer of its own.

## No Mickey Mouse Project This

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It takes Disneyland as its model and will cost a reported US\$5 billion to build: welcome to the Dubailand theme park. The Dubai Development and Investment Authority is managing a project which, once it is fully finished in 2010, will cover some 185 million m<sup>2</sup> and offer among its many attractions several five-star hotels and the Mall of Arabia, which is reputedly set to be the world's largest shopping complex. Also covering ground, though less extensively, is Corinthia Hotels International, which will have a second five-star hotel in Tunisia in February 2004. The company has signed an initial five-year management agreement with Relais Palais de Tunisie on the 190-room Corinthia Alhambra Hotel in the coastal town of Hammamet Sud. Meanwhile, to the west, in Morocco, the five-star Kenzi Farah hotel in Marrakech has emerged from its US\$7 million renovation with 100 new rooms to add to its original stock of 400.

## Expo Hoteles Takes The Princesa's Hand

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NH Hoteles has completed the sale of the InterContinental Princesa Sofía Hotel in Barcelona for a total price of €135.5 million. Expo Hoteles & Resort Group is the new owner of the 500-room property on which NH Hoteles expects to make a capital gain of €59 million. Expo Hoteles paid €12 million on signing the sales agreement in August and will now pay the balance. The sale is part of a plan that will see NH Hoteles offload what it sees as assets of no strategic importance. And anyway, the company is already committed to building a hotel similar to the Princesa Sofía on the La Illa complex near Barcelona.

## AC Looks To Score In Italy

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AC Hotels has long had designs on Italy but now, according to the Spanish press, its further conquest of a country where it already has three hotels will not be a solo venture: AC will take its Spanish compatriot H10 Hotels along for company. Under a joint venture named AC 10 Hotels, the twosome will spend a reported €160 million by 2005 opening 13 hotels, some 1,500 rooms, in central and northern cities that include Rome, Florence and Turin. Meanwhile, Spanish construction and tourism group Lopesan has eyes only for Bulgaria, where it will be operating a total of four hotels under the IFA brand by next June.

## Another Engagement In The Baltic For Kempinski

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Kempinski Hotels & Resorts will be taking a third trip to the Baltic coast of Germany in June 2005 when it opens the 148-room Grand Hotel Insel Usedom in Bansin on the island of Usedom. Far away across the sea, in Finland, Keski-Pohjanmaan Osuuskapp (KPO) has paid an undisclosed sum for the 137-room Hotel Vaakuna in the western port of Vaasa. KPO will assume ownership on 1 January 2004 and will then spend a reported €2 million on renovation work. Meanwhile, the western city of Oulu has welcomed the 260-room Sokos Hotel Arina. And if you live in the Netherlands you may see representatives of service provider Arcadis surveying the land looking for likely sites to take new hotels. Arcadis and HTC Support have signed a letter of intent with Golden Tulip Hotels to create a portfolio of properties.



## Ascott Turns Somerset Into Cash

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As part of its strategy to make its investment portfolio asset light, **The Ascott Group** has sold its 50% stake in the **Somerset Kensington Gardens** in central London to an unnamed private investor for £9.5 million. Ascott, which makes a gain of £300,000 from the sale, will continue to manage the 40-unit serviced residence under a new contract. Elsewhere in London, **Corus Hotels** will set to work this November on a £4 million, nine-month refurbishment of the 401-room, three-star **The Plaza on Hyde Park Hotel**, which will in the process change its name to the **Corus Hotel Hyde Park**. The ambition of the 459-room, five-star **Radisson Edwardian Heathrow Hotel** is to become one of the largest conference hotels in Europe. When a £60 million three-phase renovation ends in 2006-07 the hotel will have more than 5,000 m<sup>2</sup> of conference and banqueting space, 307 extra guest rooms and a new 1,200 m<sup>2</sup> health spa and swimming pool complex.

## Erste Bank Takes Five In Budapest

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Accor's Hungarian arm **Pannonia Hotels** announced back in March that it would be embarking on a sale and leaseback of five hotels in Budapest. Seven months on and the process is complete, after a syndicate led by **Erste Bank Group** paid **AT**, a vehicle set up by Accor for the purpose, a reported €80 million for the **Hotel Emke**, the **Hotel Korona**, the **Hotel Mercure Budapest Buda**, the **Hotel Metropol** and the **Ibis Budapest Centrum**. Pannonia Hotels will use the money raised to finance the purchase or construction of new hotels in central Europe.

## Get Packed For Warsaw

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**InterContinental Hotels Group** will be inviting guests to cross the threshold of the new **InterContinental Warszawa** on 17 November. Visitors should have no excuse for being unable to locate the 326-room hotel: it is the tallest in Poland. Freshness will also pervade the Ukrainian city of Donetsk this December, when **Systems Capital Management** and football club **Shaktor Donetsk** open the 129-room, five-star **Donbass Palace Donetsk**. Sparkling away further north in the Russian city of St Petersburg is the 92-room, five-star **Grand Hotel Emerald**, which has been opened by **AO Neval**.

## IHG's Treat Is Candlewood Suites

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**InterContinental Hotels Group** (IHG) is to pay the **Candlewood Hotel Corporation** US\$15 million for the mid-market **Candlewood Suites** brand and the rights to all current and future franchise agreements. Furthermore, IHG is to manage, initially for 25 years, 76 Candlewood Suites hotels owned by **Hospitality Properties Trust**. The deals will swell IHG's Americas portfolio by 108 hotels and almost 12,500 rooms. IHG has also announced that its current Deputy Chairman **David Webster** is in line to succeed **Sir Ian Prosser** as non-Executive Chairman on 1 January 2004.

## Steigenberger Relishes Brand Reorganisation

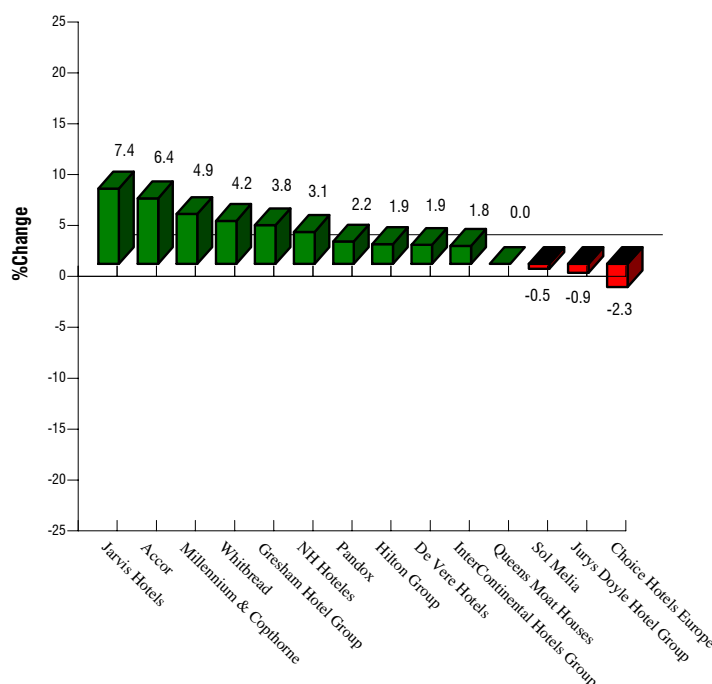
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Germany's **Steigenberger Hotels & Resorts** is to embark on a reorganisation of its brands, according to a report in the German press. The company, which has 78 hotels (66 of them in Germany), is said to be making the move in a bid to strengthen its brand portfolio. Consequently, all seven **Steigenberger Maxx** hotels will rebrand as four-star **Steigenberger Hotels**, with the latter brand being retained for all four-star and five-star properties. Similarly, the **InterCityHotel** brand, to be retained for all three-star hotels, will absorb all six **Steigenberger Esprix** hotels.

[Down To Weekly Share Price Analysis](#)



## Absolute Share Price Performance Over the Past Week 23/10/03-30/10/03



Closing share price as at:	Thursday	52-Week	
	30-Oct-03	High	Low
Accor (€)	34.51	50.5	25.0
Choice Hotels Europe (p)	43.00	71.5	12.0
De Vere Hotels plc (p)	380.25	416.8	260.3
Gresham Hotel Group (p)	68.50	73.0	38.0
Hanover International (p)	124.50	128.0	92.0
Hilton Group plc (p)	196.50	217.0	129.8
InterContinental Hotels Group plc (p)	518.00	539.0	326.0
Jarvis Hotels (p)	145.00	152.0	85.0
Jurys Doyle Hotel Group (€)	10.08	10.5	6.4
Millennium & Copthorne (p)	342.50	344.0	178.1
NH Hoteles (€)	9.84	10.4	7.0
Pandox (SKr)	93.00	94.0	58.5
Queens Moat Houses plc (p)	8.50	15.8	6.3
Sol Meliá (€)	6.14	6.9	2.8
Whitbread plc (p)	765.00	791.0	455.5

Source: Reuters

### Jarvis Hotels

The share price rose on news of Kayterm's potential takeover offer.

### Millennium & Copthorne

Interest was stirred in the company's shares after the takeover speculation at Jarvis excited thoughts of similar action at Millennium & Copthorne.

### Whitbread

A strong set of interim figures cheered investors.

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