



GBR HOSPITALITY QUARTERLY NEWSLETTER

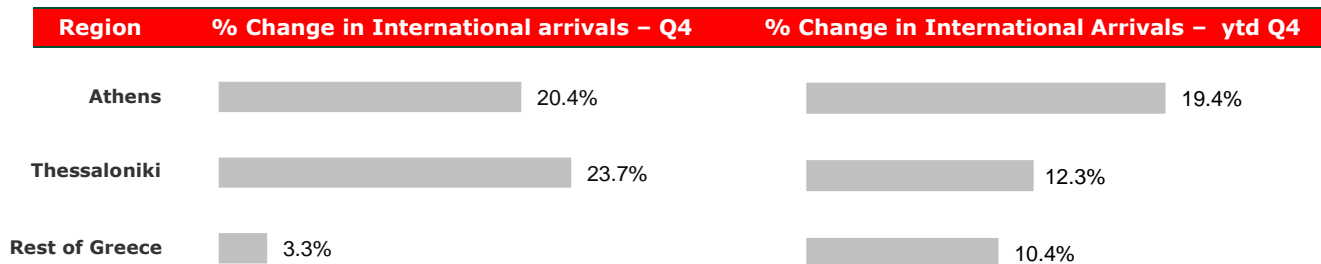
Greek Hospitality Industry Performance

2018 Q4

Introduction

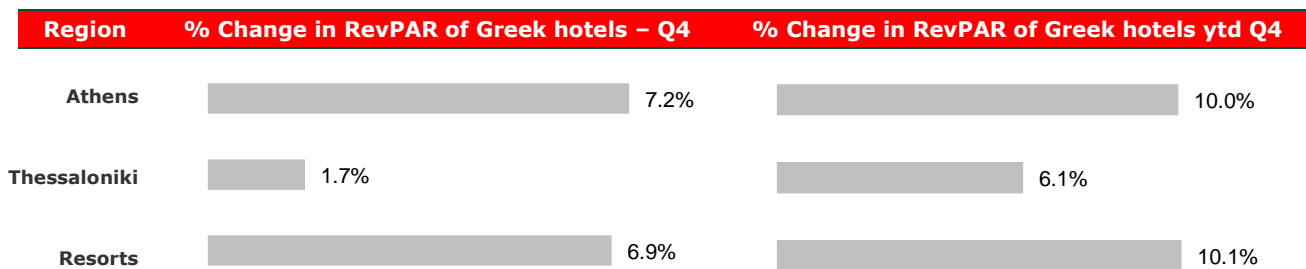
This newsletter provides a snapshot of the performance and outlook of the Greek hotel industry, within the broader context of the international hospitality industry as well as of Greek tourism and Greek socio-economic developments.

International arrivals¹ in Greek airports, 2018 compared to 2017



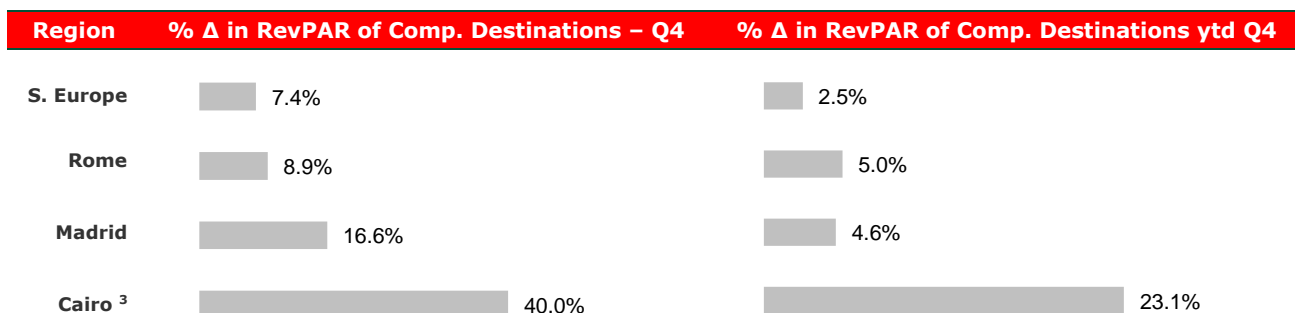
Source: SETE, processed by GBR Consulting

RevPAR² in Greek hotels, 2018 compared to 2017



Source: GBR Consulting

RevPAR² in Competitive Destinations, 2018 compared to 2017



Source: STR Global, processed by GBR Consulting

¹ The data refers to passengers on international flights, irrespective of place of residence, with the exception of Athens. Data of Thessaloniki has been corrected due to maintenance works at the airport of Thessaloniki during Q1 as some airlines were forced to reroute passengers to the airport of Kavala. We have added these international passengers to Thessaloniki.

² RevPAR: Revenue per Available Room; for Greek resorts, calculations are based on TRevPAR (i.e. Total RevPAR).

³ The percentage change of Cairo is based on the RevPAR in local currency

Commentary

- International arrivals at the main airports increased by 12.9% y-o-y. The airport of Athens received in 2018 an addition of 930,000 international travellers, reaching a total of 5.7 million, an increase of 19.4% y-o-y. International arrivals at the airport of Thessaloniki increased by 12.3% y-o-y in 2018.
- RevPAR of the Athenian hotel sector increased in 2018 by 10% y-o-y, RevPAR in Thessaloniki by 6.1% y-o-y and the Total Revenue per Available Room of the resort hotels in Greece by 10.1%. However, in all three sectors the growth was driven by room rates, as occupancy improved marginally in 2018.
- RevPAR in the South of Europe overall improved by 2.5% y-o-y in 2018, while Rome and Madrid improved their RevPAR levels with 5.0% and 4.6% y-o-y respectively in 2018. Madrid had a particularly strong Q4 2018 with the CPHI Worldwide pharmaceutical conference, held in the period of 9 - 11 October, attracting more than 45,000 pharma professionals from around the globe and more than 2,500 international exhibitors.

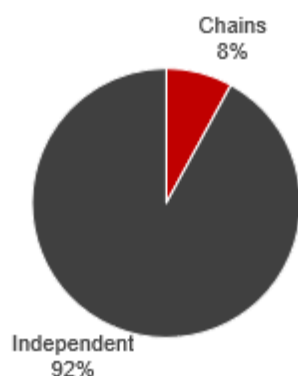
Tourism records in 2018, but differences per region

- In 2018 more than 30 million international tourists visited Greece spending nearly € 15.7 billion, representing growth rates of 10% y-o-y for both indicators.
- However, not all regions achieved a similar performance. Data up to September 2018 of the Bank of Greece showed that expenditure in the Southern Aegean, consisting of the Dodecanese and Cycladic islands, increased by 23%, while Crete recorded a drop of 1% in tourism expenditure. Both regions represented 49% of the total tourism expenditure in 2016 and 2017. Greece's third largest region, Attica, registered a growth of 6% up to September 2018 in terms of expenditure.
- About 21% of all hotels and 26% of all hotel rooms are located in the South Aegean, for Crete the percentages are 16% and 22% respectively, representing together 37% of the hotels and 48% of the hotel rooms in 2018.
- Of the 270 new 5-star hotels that were added in period 2009 – 2018, 127 units were registered in South Aegean and 51 in Crete, representing together 66% of the growth.

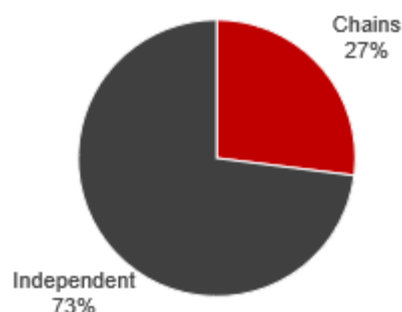
Hotel brand penetration increasing

- Based on a report of GBR Consulting launched in December 2018, 8% of all hotels and 27% of all hotel rooms are branded in Greece, which means that a hotel is part of an international brand with hotels in more than one country, a national brand with a presence in various geographic regions within Greece, a local brand with a presence in only one geographic area and / or a consortium, covering hotels that are part of a marketing partnership.
- In 2014 penetration rates of 6% for hotels and 21% for hotel rooms were recorded.

Brand Penetration of Hotels



Brand Penetration of Hotel Rooms



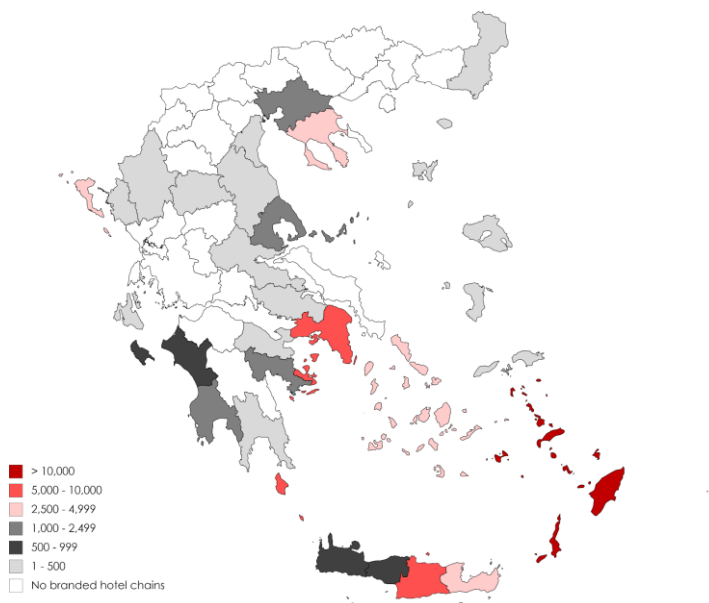
- The analysis per hotel category is of interest: 59% of all 5-star hotels, 41% of all 4-star hotels and 4% of all 3-star hotels are part of a chain, while in terms of rooms the percentages are 70% of all 5-star rooms, 41% of the 4-star rooms and 8% of the 3-star hotel rooms.
- The two largest national chains in Greece are Grecotel and Mitsis Hotels offering together 11,244 hotel rooms all over Greece, while the largest local hotel chains are H Hotels Collection, Koullias Hotels and Esperia Hotel Group and the leading consortia in terms of room count, are Tablet Hotel, Mr. & Mrs Smith and Leading Hotels of the World.

- The list of top international chains is dominated by the tour operators Tui (1st), Thomas Cook (2nd) and Der Touristic (4th). Marriott International is third on the list, while the Sani / Ikos group is fifth and is the only international chain of Greek origin in the top 5.

The 5-star hotel chain landscape

- About 59% of the 5-star hotels and 70% of the 5-star hotel rooms in Greece are part of a chain. The marketing consortia have the largest market share with 37%, followed by the international chains with a share of 23% and the local chains with 20%.
- Among the international chains about 52% is single branded, while 33% carry 2 brands and 10% carry 3 brands. Among the national and local brands 64% and 61% respectively is single branded. The hotels part of a marketing consortium are for 83% multiple branded.
- In terms of brand penetration as a percentage of the total available 5-star hotel rooms in a region, Attica is leading with a percentage of 90%, followed by Lassithi with 84%, Halkidiki with 78% and the Dodecanese with 76%. It must be noted that there are other regional units with a high brand penetration but based on a limited number of 5-star hotels. These regional units are Larisa, Fthiotida, Ilia, Messinia and Argolida.
- The largest number of 5-star rooms part of a chain is located in the Dodecanese. In 22 prefectures there are no branded chains with 5-star hotels.

**5-star Hotel Chain Landscape
Number of Rooms**



Performance of the branded 5-star hotels

- The average TRevPAR of all 5-star properties, hotel chains and independent hotels, was € 37,151 in 2016. The hotel chains achieved a TRevPAR of € 41,564 and the independent hotels € 26,757.
- Based on 2016 data, the highest Total Revenue per Available Room by 5-star hotels part of a chain is recorded in the Cyclades with € 68,519, followed by Central Macedonia with € 55,765 and Attica with € 49,353.
- The TRevPAR overall including hotel chains and independent chains is € 57,201 for the Cyclades, meaning that the hotel chains achieve a much higher TRevPAR than the independent hotels.
- For Central Macedonia a similar conclusion can be drawn with an overall TRevPAR of € 46,858, while for Attica the overall revenue is € 48,764.

Transactions

- At the end of January 2019 pension and healthcare fund EFKA announced that Israeli hotel group Fattal was the highest bidder with a monthly rent of € 95,830 for the 185-room former Esperia Hotel located at Stadiou St in the center of Athens (a rent of € 6,200 per room per year based on 185 rooms). Fattal, one of Israel's largest hospitality companies with 39 hotels and 16,700 rooms in Israel and 150 Leonardo branded hotels in Europe, will redevelop the Esperia into a 5-star hotel.

The only other bidders were the Yazbeck Group, who are currently constructing Marriott's 5-star Academia of Athens, Autograph Collection and the Veroukas family in cooperation with Accor.

- Also, in January 2019, it was announced that Zeus International was the preferred bidder for a 30-year rental agreement of the former 4-star 77-room Kanigos 21 hotel located at Kanigos Sq in the centre of Athens.
- The tender for the former Ambassadeur Hotel close to Omonia Sq with a total surface of 10,247 sqm did not attract any investment interest in January 2019. Property owner ETAEP is looking for investors who

are willing to invest at least € 7.5 million into the property, pay a rent of at least € 25,000 monthly and transform the property into a 4-star hotel.

- In December 2018 Mitsis Hotels, Greece's second largest national hotel operator after Grecootel, acquired for an amount of € 50.1 million from the National Bank of Greece through an auction 100% of the shares of Grand Hotel Summer Palace SA, who owns the 5-star Grand Hotel in Rhodes. The minimum bid for the 405-room property, which is rented and operated by the Mitsis group, was set at € 35 million.
- By the end of November 2018 Alpha Bank confirmed a deal to sell € 1 billion of small-business non-performing loans to a consortium of funds managed by Apollo Global Management and the International Finance Corp. The agreed sale price was set at € 337.1 million, or about 33.6% of gross book value. More than 70 hotels are included in the portfolio of which some have a considerable size.
- On November 7th, 2018 Anthousa Hotels SA, owner of the 5-star Aktia Lounge & Spa hotel, located in the area of Stalida, in Hersonissos municipality, Crete was auctioned for an amount of € 18.1 million. Piraeus Bank had set the minimum bidding price for the 202-room property at € 13 million.
- In November 2018 the 124-room Sun Beach hotel in Thessaloniki was auctioned by the Greek National Bank for € 2.65 million according to press reports, while the minimum price was € 2.1 million. The 4-star hotel was built in 1968 and stopped operations in November 2018.
- Finally, over the past three months the following main auctions were successfully completed:
 - January 16th, 2019: company SK Resort Enterprises Ltd, owner of the 3-star 84-room Corfu Senses Resort. Minimum price was set at € 4 million by Alpha Bank.
 - December 21st, 2018: Arty Hotels SA, owner of the 5-star 61-room Arty Grand Hotel, located in Ancient Olympia. Minimum price was set at € 4 million by the National Bank.
 - December 12th, 2018: Moschonas SA, owner of the Ilios Hotel and the adjacent Samos Sun hotel located on the island of Samos.
 - December 5th, 2018: Anmanko SA, owner of the 6-floor Hellinis Hotel offering 80 rooms, located at Syngrou Ave.
 - November 21st, 2018: Antoniadis SA, owner of the 4-star 98-room Antoniadis hotel located in Kalambaka, known by the famous Meteora monasteries. Minimum price by Piraeus Bank was initially set at € 3.6 million, but after a court intervention the price was set at € 3.9 million.

Other developments

- In January 2019 the Technical Olympic Group reported that it intends to sell the Porto Carras Grand Resort located in Halkidiki. The resort operates seasonally and offers two main hotels, the 486-room Sithonia and 479-room Meliton, extensive F&B facilities, a wellness & Spa centre, 18-hole golf course, large capacity marina, conference center and a casino.
- Following the deal between Harvard Investment Group (HIG) and Tourist Enterprises of South SA (TEN), Aldemar Group, of last July 2018, it was announced at the end of January 2019 that HIG has made an agreement with Atlantica for the management of the 610-rooms 4-star Paradise Village and the 200-room 5-star Amilia Mare in Rhodes for a period of 10 years. Next winter both properties will be fully renovated.

GBR Consulting is the leading hospitality and tourism consultancy in Greece. Its experience includes market and financial feasibility studies as well as valuations and development plans for Hotels, Resorts, Spas, Marinas, Casinos & Gaming, Conference Centers & Arenas, Theme Parks, Golf Courses etc.

GBR Consulting is affiliated to Atria, the Greek arm of CBRE, providing together a specialized service for Tourism Properties Transactions.

GBR Consulting possesses a database with financial data for over 1,000 hotel establishments in Greece and has a datashare agreement with STR Global, the world's largest databank of hotel operational data.

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