

# 'WACQ HOTELS' – RESORTS CO-INVESTMENT STRATEGY

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WIGAN ACQUISITIONS Kft.  
[www.wiganacq.com](http://www.wiganacq.com)

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# EXECUTIVE SUMMARY

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- Wigan Acquisitions is a specialist originator and manager of direct real estate co-investments across Europe with over €220m of transactions to date and an additional €250m invested via a separate account platform
- Together with private capital partners, Wigan is launching 'WACQ Hotels', to build out a portfolio of best-in-class resort hotels across Europe offering attractive yields and sustainable long lease income
- These types of resort hotels have proven high occupancy year-round attractions and are increasingly sought-after as a result of the COVID-19 pandemic, which has led to a collapse in international visitors to hotels worldwide and a significant increase in demand particularly for family-friendly resort hotels
- Most institutional investors have typically focused more on city centre hotels rather than resorts, which has resulted in resort investments offering relatively more attractive yields and long-term sustainable income prospects
- WACQ Hotels is looking to capitalize on this situation by utilizing its established network of local partners to identify and acquire single hotel assets and portfolios across continental Europe, with a special focus on countries within the DACH & CEE region
- The strategy is to acquire such properties (typical range of €10-50m per asset) at attractive entry net yields (6-8%), put in place an operator that ensures strong covenant and negotiate a long-lease contract to reduce risk
- The investment thesis provides like-minded private capital partners with access to geographically-diversified assets featuring attractive distribution yields backed by long-term leases to high-quality multi-national tenants with rental guarantees (either existing or potential to extend), as well as significant capital growth opportunities through contracted annual rent increases.

# CHANGES IN THE TRAVEL AND TOURISM MARKET

<ul style="list-style-type: none"> <li>• Domestic tourism is booming</li> <li>• Nature tourism, leisure travel and local resorts increasingly in vogue</li> <li>• New demand for wellness resorts, holiday homes and even camper vans</li> <li>• Top holiday regions experiencing high demand, particularly due to Covid-19 restricting travel</li> </ul>	<ul style="list-style-type: none"> <li>• International travel restrictions means less travel via flights, train and cruises</li> <li>• Car travel is the most preferred mode</li> <li>• Travel is taking place within DACH and CEE countries wherever possible</li> <li>• Big brand operators moving away from city centre hotels to resorts for higher occupancy demand</li> </ul>	<ul style="list-style-type: none"> <li>• Growing interest of investors and operators in the leisure and wellness segment</li> <li>• Managing liquidity a key parameter</li> <li>• Consolidation and takeovers in the operator market expected</li> <li>• 'First mover' opportunity to acquire assets at attractive entry yields</li> </ul>
<ul style="list-style-type: none"> <li>• Quarantine regulations create uncertainty</li> <li>• No clear rules with regard to upcoming winter travel season</li> <li>• Short term planning and predictability becomes difficult</li> </ul>	<ul style="list-style-type: none"> <li>• Almost every sector affected by the on-going crisis</li> <li>• Worst effects of the crisis remain uncertain</li> <li>• Travel restrictions are expected to stay much longer than initially anticipated</li> </ul>	<ul style="list-style-type: none"> <li>• Group holiday trips out of favour</li> <li>• Millennials continue to travel</li> <li>• Senior citizens will remain cautious or prefer secluded locations</li> <li>• Higher the income level, greater the willingness to travel and experience</li> <li>• Overseas travel will remain limited</li> </ul>

Source : 'mrp Hotels consulting' Sep-20

# BENEFITS OF WACQ HOTELS INVESTMENT STRATEGY

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- 'WACQ Hotels' is a new entity being set up and managed by Wigan Acquisitions targeting resort hotels across Europe with special focus on the DACH & CEE region
- A number of different single asset and portfolios of resort hotels have already been sourced and appraised across Europe; some currently in exclusivity and due to be acquired with family office capital partners
- The resort hotels either already have long term (10+ years) lease contracts, or offer the potential to change to such a structure with strong international covenant well known brand operators
- If we can take advantage of being ahead of most institutional investors, who aren't so focused on the resort hotel asset class, there is significant potential for capital growth through increasing rents and yield compression over the next 3-5 years
- WACQ Hotels will offer its private capital partners attractive tax-advantaged net returns of minimum 6-8% initial yields, equating to approx. 10% levered cash-on-cash per annum (assuming conservative loan-to-value)
- Overall objective for onward sale of the platform in 5-10 years to an institutional investor, partial exit through REIT structure equivalent or through listing as a Fund on the London stock exchange ('LSE' or 'AIM')

# INVESTMENT CRITERIA

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- **Please contact us directly if you are an owner of such resort hotel(s) as per the following key criteria:–**
- *1) DACH and CEE region as preferred countries of focus*
- *2) Must be leisure and resort-style hotels such as in the mountains, on coast, including spa/wellness, golf, tennis, etc*
- *3) Either existing or potential for minimum 10-year lease contracts for existing hotels or 20-years for new developments by proven/experienced operator*
- *4) Price range of €10-50m per asset based on market value*
- The opportunity is for like-minded capital partner to co-invest with WACQ Hotels to acquire select portfolios of resort hotels, benefit from relatively high fixed yield returns with sustainable income and build out the platform.

# WACQ HOTELS CONTACT DETAILS

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