

Starwood Capital sells off 40 Louvre Hotels; proceeds to cut debt, expand international growth

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Private-equity group Starwood Capital has parted with 40 Louvre Hotels, a move made to reduce debt and also finance more international expansion. More sales could be imminent, Property Investor Europe reports. The hotels have been taken over by a range of small investors who will operate them on a franchise basis, with the hotels continuing to operate under the Louvre Hotels name.

The transaction prices and franchise fees were not disclosed, but the franchise contracts range from eight to 12 years.

"In the framework of the dynamic management of our portfolio, we have sold the real estate and business assets of 40 hotels in France," chairman and CEO Pierre-Frédéric Roulot told Les Echos newspaper. "This sale will enable us to reduce debt, improve our financial structure and profitability and speed up the renovation of our own hotels and our international expansion."

Louvre Hotels Group was formed in April 2011 from the combination of Louvre Hôtels, acquired by Starwood Capital in 2005, and Golden Tulip, which the private equity firm bought in 2009. It now operates more than 1,080 hotels in 41 countries through its Première Classe, Campanile, Kyriad, Tulip Inn, Golden Tulip and Royal Tulip Luxury Hotels brands.

The group's international expansion is focused on strong growth areas such as India, Brazil, the Middle East, North Africa and targeted European markets, and it plans to open 70 new hotels this year and around 100 next year, Property Investor Europe reports. "On average we are opening one hotel a month in Brazil, two a month in India and three a month in China," said



Roulot. In September it set up a partnership with German construction group ARCUS and Austrian consulting firm Redserve to invest €160m in the development of 26 hotels in Germany, Austria and Switzerland.

In 2011, Louvre Hotels signed a partnership with Chinese hospitality chain Jin Jiang Inn Co. The partnership covered 15 Campanile hotels in the five French cities most frequently visited by Chinese tourists (Paris, Bordeaux, Lyon, Marseille and Nice) and 15 Jin Jiang Inn hotels in the three Chinese cities most popular with French tourists (Shanghai, Xi'an and Beijing).

A year later, Starwood Capital said it was banking on Jin Jiang Inn to speed up the expansion of Louvre Hotels in China and catch up with the likes of France's Accor. Louvre Hotels said it planned to open 25 hotels in the Shanghai region within five years. "We have been lagging in China where we have not reached critical size on our own but we can do it with a partner," Roulot said at the time.