

Dutch sale completes transformation

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Dutch hotel developer TVHG and its backers have sold off a package of 11 properties to investors, following their transformation from empty offices.

The buyer - unofficially believed to be Westmont Hospitality - is expected to use the platform, which contains 1,906 rooms in branded hotels, to build a position in the Dutch hotel market. Eight of the properties, which are all in or near Amsterdam, are branded Holiday Inn Express, while two are Hamptons and one a Holiday Inn.

The sell-off leaves entrepreneur Bart van de Kamp, the momentum behind TVHG, to continue hotel development projects under a new vehicle, Borealis Hotel Group. He has already completed a stand-alone development of the new build, 314 room Novotel at Amsterdam's Schipol airport, which opens at the end of 2015; and has already agreed the sale of the property to a French institutional buyer.

The deal to sell the portfolio was prompted by a desire for funders Metric Capital Partners and Hutton Collins to retrieve their cash to deploy in new investments. "The hotels have done so well, they investors well exceeded their target returns," said Dirk Bakker, head of EMEA hotels at Colliers International, whose team has been involved from the start with negotiating property acquisition, finding funders and finally agreeing the sale.

"The deal brings our involvement with these assets full circle as our cross border team put together the initial funding for the deal in 2012 on behalf of the hotel entrepreneur, Bart van de

Kamp," said Marc Finney, head of hotels and resorts consulting at Colliers. "It is great that we have been able to help to bring this investment success story to such a positive conclusion. Having spotted the opportunity early on and having raised the initial funding for Bart van de Kamp, we are pleased that this has been such a positive result for all concerned."

All of the hotels were sold with leases of between 40 and 45 years, with index linked rentals which, said Bakker, was an unusual package to value. "There were no direct comparables," he noted, with perhaps the nearest being the sale of a UK coffee chain that included leaseholds. "What you are selling is cashflow."

Westmont is expected to use its acquisition as a platform to further expand its interests in the Netherlands.

TVHG grew its plans for the growth of its portfolio by spotting two concurrent property opportunities in the Dutch market. While there was a shortfall in budget hotels, there was also a glut of office space. All of the properties were converted, with landlords prepared to take the option of rental from a hotel operator and brand in place of waiting for the office market to pick up.

In 2011, van de Kamp agreed a deal with management company Interstate to manage the properties as they came on stream. Then, in 2012, Colliers introduced investors Metric Capital Partners and Hutton Collins to support TVHG's growth, at a point when four hotels were completed and open, but the total pipeline extended to 19 properties. Of this originally planned number, two did not proceed, but the remainder have moved to Borealis, to be built out. In addition, van de Kamp is planning to roll out his leasehold development model in other markets across Belgium and France.

HA Perspective [by Chris Bown]: Having achieved such an impressively fast delivery of a portfolio of hotels, few would bet against van de Kamp repeating the exercise elsewhere. Owners of appropriately located empty office blocks ought to be beating a path to the door of this dealmaker, while the brands who have already signed up for his Dutch properties will doubtless be happy to sign up for more.

The combination of hotels and long leases is an unusual one. Accor is going to extraordinary lengths to divest itself of leased properties, while others such as Rezidor and NH have spent the last few years negotiating to extricate themselves from leases that will never be satisfactory for the operator. Even so, it appears that TVHG managed to come up with a format that leaves all parties happy, and one that is a tradeable asset.