



## **AZORA LAUNCHES NEW EUROPEAN LEISURE HOTEL FUND WITH €680 MILLION IN INITIAL COMMITMENTS**

*- Fund to take advantage of strong supply demand fundamentals and highly fragmented nature of the European hotels market while seeking opportunities which may arise in the current environment -*

**Madrid, 27 July 2020.** – Azora, the Madrid-based European private equity real estate manager, announces that it has raised €680 million for the launch of a new fund, *Azora European Hotel & Lodging, F.C.R.* (“Azora EH&L” or the “Fund”), €80 million above the Fund’s initial €600 million target.

With a hard cap of €750 million, the Fund has an implied total capacity of more than €1.5 billion to invest in leisure hotel opportunities across Europe, with a significant proportion of the portfolio expected to be located in Spain, Europe’s most popular “sun & beach” destination.

Commitments were signed throughout the lockdown period and demonstrate investors’ continued confidence in both the long-term performance of the tourism industry despite the impact of Covid-19, and in Azora’s ability, as a leading manager in the European leisure hotel space, to source attractive opportunities.

Azora EH&L received strong support from a group of leading global investors, including one of Europe’s largest pension fund investors, non-European sovereign wealth funds, and a large global institutional investor. Investors will also have the option to provide co-investment capital alongside their commitments, further expanding the investment capacity of the Fund.



The Fund will focus on the “sun & beach” segment across Europe's top tourist destinations, where it will implement a value-add strategy through repositioning, refurbishment, and active asset management. In addition, the Fund will target city tourism through new and innovative “smart urban lodging” concepts, which focus on the needs of young-at-heart travellers of all ages and provide flexible accommodation set ups and offerings that can be adapted in accordance with demand.

Azora has already secured a portfolio of 10 hotels comprising 2,800 keys and located in resorts on the mainland Spanish coast (7), Ibiza (2) and Sicily (1), which are managed by MedPlaya and Palladium, two of the largest Spanish hotel operators, as well as four city centre assets in Madrid, Lisbon, Brussels and Bilbao, which will be repositioned as urban lodging concepts, offering 1,200 beds in aggregate.

Azora believes that regardless of the short term impact of the Covid19 crisis the European hotel market represents a compelling opportunity underpinned by attractive supply-demand dynamics, where constrained supply is driven by a c. 1.1% CAGR in number of keys since 2009, versus c. 4.9% CAGR in international tourist arrivals in Europe. Furthermore, it is a highly fragmented market which has attracted limited institutional capital investment to date, with 62% of the European hotels being independently owned compared to just 30% in the US, resulting in an opportunity to source underinvested and undermanaged assets for repositioning.

Azora has a strong track record of hotel and leisure investment and was the first institutional real estate investor and asset management firm to enter the “sun & beach” hotel segment in Spain, where it built the largest hotel platform through its Madrid listed *SOCIMI* (Real Estate Investment Trust), Hispania. From IPO in 2014, Azora grew the Hispania portfolio to 46 hotels with over 13,000 keys and a c. €2.0 billion of gross asset value, before successfully selling the platform to Blackstone in July 2018.



*“This fund is a continuation of our successful strategy in the hotel segment, which began more than 10 years ago with the turnaround of Carey and which we further developed from 2014 onwards, with the build-up of the largest “sun & beach” hotel portfolio ever assembled in Europe, within our listed SOCIMI, Hispania.” says Concha Osácar, Azora’s Founding Partner. “During these extraordinary times, the level of commitments we have achieved so far for the Azora European Hotel & Lodging fund underscore the international investor community's confidence in both our ability as a manager to create value, and in the ongoing potential of the European hospitality industry as an institutional asset class, regardless of the short term impact of the COVID crisis, which we also believe will result in additional opportunities over and above those envisaged in our original business plan.*

*“We are very pleased to have held such a successful launch and are proud to count on the support of such a distinguished group of top-tier global institutional investors.”*

**For more information:**

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**About Azora**

Founded in 2003, Grupo Azora ("Azora") is a leading, vertically integrated, Spanish real estate investment and asset management firm, with c.€4 billion of equity capital committed since its foundation. Over the past 17 years, Azora has grown to over 250 professionals with extensive experience across the spectrum of real estate investing.



Azora specialises in different types of assets: residential, hotels, logistics, offices, senior homes and renewable energy and is promoting new investment lines in logistics and leisure. Azora is currently the largest manager of purpose-built rented residential in Spain, with more than 14,000 homes under management.

Azora was the first institutional real estate investor and asset management firm to enter the sun & beach hotel segment, building the largest hotel platform in Spain, Hispania (46 hotels, over 13,000 keys and c. €2.0 billion of gross asset value), which was successfully sold to Blackstone in July 2018, generating net returns of 19% IRR, in a listed format.