

Private & Confidential



**HIF**

SUPPORTING IRISH HOTELS

# What type of Projects are Hoteliers looking at?

- Capex
- Acquisition
- New Build / Development
- General Working Capital
- Leaseholder Acquisition of Freehold

# Capex [Growth Capex]

- Bank Debt (Pillar or Alternative Lender)
  - 50-70% (probably towards lower end of range)
- Promoter Equity/Cash built-up in the Business
- Gap???
  - Pref. Equity
  - Mezzanine [Generally larger projects]



*This is likely to be a major area requiring funding going forward and is vital to the growth of the broader Tourism industry.*

# Capex [Maintenance Capex]

- Bank Debt (Pillar or Alternative Lender)
  - 50-70% (probably towards lower end of range)
- Promoter Equity/Cash built-up in the Business
- Gap???
  - Pref. Equity



*Vital to protect long-term Asset value.*

# Acquisition

- Bank Debt (Pillar or Alternative Lender)
  - 50-70%
- Promoter Equity/Cash
- Gap???
  - Mezzanine
  - Family Office
  - Pref. Equity



*Growth in Family Office as a source of funding in recent years.*

# New Build / Development

- The Euromillions !!!
- Bank Debt (Pillar or Alternative Lender)
  - 50-70%
- Promoter Equity/Cash
- Gap???
  - Mezzanine
  - Family Office
- New Capacity outside of the major cities is likely to be driven by extensions to existing properties. Potential for attractive investment returns where well planned and executed.



*Viability outside of major cities an issue.*

# Development - Case Study

- Development Debt (c.70%)
  - U.S. Fund Manager
  - Australian Pension Fund
- Promoter Equity
- Gap
  - Family Office
- Refi with Pillar Bank once open



*Larger projects  
may be able to  
access  
International  
funding solutions.*

# Working Capital

- Bank Debt (Pillar or Alternative Lender)
- Gap???
  - Pref. Equity



*Some Hotels in need of working capital post repayment of EIS/Tax investors.*



# Leasehold

- Taking an initial Leasehold interest as a stepping-stone to longer-term Ownership.

# Pricing/Cost of Funds



- Bank Debt (Pillar or Alternative Lender)
  - Typically Euribor + Margin
  - Euribor currently c.3.8% but should start to decline
  - Pillar banks may have attractive fixed rates (in certain circumstances i.e. Low LTV's) – sub-5%
  - Can vary dramatically with some Alternative Lenders at 10%+
- Mezz/Pref. Equity
  - Typically 8-12%
- Equity/ Family Office
  - Typically 15%+++

# Recent HIF enquiries

- Addition of new bedrooms (several projects)
- Addition of new F&B and Conference facilities
- Property Upgrade including Energy/Sustainability improvements (several projects)
- Re-positioning Capex (moving from 3-star to 4-star)
- Current Leaseholder looking to acquire Freehold
- Replenish Working Capital after repayment of EIS/Tax Investors



*Slow Grant approvals have delayed some sustainability projects.*

# HIF Overview



- A €50m fund with funding provided by the Irish Strategic Investment Fund (ISIF - Ireland's State-owned Sovereign Wealth Fund).
- The funding can be used for:
  - Working capital and cash flow funding;
  - Capital expenditure;
  - Green and environmentally sustainable investment funding.
- 3-5 Year Investment Horizon
- The HIF can invest up to €5m to a single hotel/group.



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# Thank You.

