

Three Hills announces a new cash injection of up to c. €30 million into Castellet Hospitality to boost its growth strategy as the Company signs three acquisitions in the South-East of France

Three Hills (the “Firm”) is delighted to announce it has agreed to provide up to c. €30 million of follow-on capital in Castellet Hospitality (“Castellet” or “the Company”), a rapidly growing hotel group headquartered in Marseille and operating in the South-East of France. This latest financing round by Three Hills Capital Solutions IV (“THCS IV”) will increase the Firm’s commitment to Castellet to over €90.0 million and will be used to support the Company’s ambitious buy-and-build strategy: a core pillar of the original investment thesis, with four acquisitions completed to date.

The new investment comes as Castellet progresses the acquisition of three hotels in the South-East of France. These include: *Novotel Lyon Confluence*, located in the centre of Lyon next to its business district; *Hôtel de Mougins*, a charming Provençal estate set within the outskirts of Cannes and close to a number of international golf courses; and *B&B Saint Jean de Maurienne*, in the heart of the French Alps at very short distance from several ski resorts. These new acquisitions will bolster the current portfolio by expanding the group’s geographic footprint, further diversifying its mix of business and leisure travellers, as well as budget and mid-range locations. Castellet has identified clear value creation opportunities at each respective site, which it will enact with Three Hills’ support. The three transactions will bring an additional 261 rooms to the hotel group, increasing the current portfolio by 16%, and taking total locations to 25.

Castellet continues to build its acquisition pipeline as there is extra headroom in Three Hills’ funding to support the business with a fourth transaction in early 2024. Beyond M&A, together with the Company led by hospitality expert Gilles Larrivé, Three Hills has implemented a number of value creation initiatives at group-level, including promoting energy efficiency policies across the portfolio and launching two new head office departments focused on construction and development. These initiatives, in addition to recurrent funding, has helped Castellet scale tremendously in the last 18-months, allowing the business to succeed in one of the most competitive segments of the hotel industry.

Mauro Moretti, Founder & Managing Partner at Three Hills, stated: “This latest investment reinforces our commitment to Castellet, a rapidly growing and resilient group that is distinguishing itself as one of the most dynamic players in its segment. When it comes to the entrepreneurs and management teams that we back, it is important for them to know that Three Hills remains a supportive funding partner throughout the lifecycle of an investment, providing multiple follow-on investment rounds if required to unlock a company’s full growth potential. Importantly, we are also pleased to be deploying more capital into the French market, where we are looking to grow our presence with our current portfolio companies and new investments.”

Gilles Larrivé, Founder and CEO of Castellet Hospitality, added: “I am delighted to announce that we are continuing to strengthen our partnership with Three Hills. Our collaboration with the Firm has been instrumental in increasing our portfolio, as well as in enriching our strategic focus through the combined expertise of our existing management team and Three Hills’ value creation levers. We will continue to grow our acquisition pipeline with a view to become the blueprint for pre-eminent hospitality operations in France.”

Victor Benazech, Managing Director at Three Hills, concluded: “Our latest €30 million round in Castellet reaffirms our dedication as a long-term investor in the Company and our interest in the hospitality sector. As this new injection of capital underscores our partnership, it will support

Castellet's ambitious acquisition strategy, fortifying their presence in the South-East of France. We proudly stand by Castellet as they acquire three new exceptional properties, further building their presence in the flourishing French hospitality market."

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About Three Hills

Three Hills is a pioneer in providing preferred capital solutions to businesses in the European middle market. With a focus on high-growth businesses across Europe, Three Hills offers flexible financing solutions and value-added expertise in order to support entrepreneurs with their transformational growth ambitions, whilst retaining control of their companies. Three Hills has EUR 2.3 billion of assets under management, with backing from Europe's leading industrial holding groups, family offices and entrepreneurs, as well as global institutional investors. With offices in London, New York and Luxembourg, Three Hills operates with a growing team of around 65 professionals.

About Castellet Hospitality

Founded in 2017 and headquartered in Marseille, Castellet Hospitality is a resilient budget and midscale hotel group operating in the South-East of France. The hotels largely operate under the Accor, Louvre Hotel, Marriott, and B&B Hotels franchise brands. Please find further information on the three new acquisitions below.

Novotel Lyon Confluence

Featuring a terrace and a bar with panoramic river views, the 150-room Novotel Lyon Confluence is set in the centre of Lyon on the banks of the Saône River, next to the Confluence commercial centre and business district. International cuisine is proposed in the hotel's restaurant, and breakfast is served daily. There are also 6 meeting rooms to organise business meetings.

Hôtel de Mougins

Magnificent Provençal bastide located at the outskirts of Cannes and close to international golf courses, Hôtel de Mougins offers 51 bedrooms, a bistronomic restaurant with a shaded terrace and a bar. In a wooded park of around one hectare, the hotel also features a large outdoor swimming pool, a tennis court and meeting room facilities. Over the next 18 months, this property will be repositioned through a large renovation program, and will be branded under *Tribute Portfolio*, a Marriott collection brand.

B&B Saint Jean de Maurienne

B&B Hotel Saint Jean De Maurienne features 60 air-conditioned rooms with free Wi-Fi, each with a private bathroom. A private parking is available free of charge. Continental and buffet breakfast options are available every morning. With immediate access from the motorway, the hotel is in the heart of the Alps, at a very short distance from ski resorts and the well-known Col de la Madeleine.