



The 'Suite' Spot: Why European hospitality stands out

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The European hospitality sector is benefiting from a powerful combination of resilient demand, constrained supply and new operational approaches, says Gabriella Pelosi, Head of Hospitality Sector at Generali Real Estate SGR S.p.A.

Europe remains one of the world's most attractive destinations for both leisure and business travel. At the same time, adding new hotel capacity is not easy. Planning restrictions, high construction costs, heritage requirements and the scarcity of prime locations all limit supply, particularly in major European cities.

We think this creates an attractive backdrop for investors. Long-term trends also remain supportive: hotel nights in Europe are expected to rise, global leisure spending continues to grow, and air traffic is increasing.

But for us, the opportunity extends beyond just owning hotels and collecting rent.

A MORE OPERATIONAL REAL ESTATE SECTOR

Hospitality is quite different from many traditional areas of real estate because the operating performance of the asset matters so much.

Historically, institutional investors often owned hotels through long-term leases. The investor owned the building and received the rent, but had relatively little involvement in the business itself.

That is changing. Management contracts, hybrid leases and variable leases can bring owners much closer to hotel operations. Rather than only receiving a fixed rental stream, investors can have greater exposure to how the hotel actually performs and can work more closely with operators to improve results.

This is one of the things we find most interesting about the sector. Real estate fundamentals and operating performance can work together. Through the right operator, brand, capex plan or repositioning strategy, there are several ways to actively create value beyond simply waiting for the property market to move.¹

WHY IS LUXURY AND UPPER-UPSCALE THE SWEET SPOT?

Within hospitality, we see luxury and upper-upscale hotels as a particularly attractive part of the market.

Demand is relatively broad, coming from international leisure travellers, corporate guests and high-net-worth customers. These hotels also tend to have stronger pricing power than more commoditised formats.

They can adjust room rates and ancillary revenues more easily, which can help absorb higher costs and inflation.

At the same time, we think this segment avoids some of the complexity of ultra-luxury hotels, where very high service standards and operating requirements can make the business more demanding and costly.

Location is also important. Luxury and upper-upscale hotels are often found in prime, supply-constrained areas, where replacement costs and barriers to entry are high.

For us, that is the sweet spot: combining scarce real estate with the potential to improve operating performance.

AN ACTIVE PLATFORM, BENEFITING FROM GENERALI GROUP'S UNIQUE, HISTORIC REAL ESTATE PORTFOLIO

This thinking is central to the Generali Real Estate Umbrella Fund and its compartment Hospitality Europe Fund (the "Fund").

We see the Fund as a specialist, actively managed hospitality platform, rather than a collection of hotel assets. We aim to focus on high-quality European hotels in attractive destinations, with an emphasis on luxury and upper-upscale properties and major gateway cities.

The strategy combines institutional real estate discipline with hospitality expertise. Our local teams help identify markets and assets, while we work on operator and brand selection, capex and repositioning. We also monitor performance closely at both asset and portfolio level and can rotate the portfolio where appropriate.¹

There are different ways this can work in practice. In London, for example, we recently acquired the Novotel Tower Bridge. The plan is to reposition the hotel through a light refurbishment, improve the quality and brand positioning, and work with the operator through a management contract to unlock further value and performance.

In Madrid, Alcalá 21 is a more substantial project. It is the former headquarters of Generali Seguros and it is being converted from office and retail space into a five-star hotel in a prime location opposite the Four Seasons.

¹There is no guarantee that the investment objective will be achieved or that the invested capital will generate a return. The product does not offer any capital protection guarantee.





Generali's historic real estate portfolio is quite a unique feature of the funds at Generali Real Estate, and gives us access to unusual opportunities. Alcalá 21 and Palazzo Cordusio in Milan both originated within Generali Group's existing property holdings. Cordusio, once Generali's headquarters, has already been transformed into a five-star Gran Meliá hotel.



Milan, Palazzo Cordusio

WHERE WE SEE THE NEXT OPPORTUNITIES

Looking ahead, we remain particularly focused on Southern Europe, alongside selective opportunities in mature European markets. We favour prime urban destinations where barriers to entry are high, new hotel supply is limited and demand is supported by a mix of international tourism, business travel and leisure.

Italy, Spain and France are markets where we continue to see interesting potential, including well-located hotels that could benefit from more professional management, stronger brands or repositioning.

That is especially relevant in a higher-rate environment. Investors cannot rely on yield compression alone. Returns increasingly need to come from the work done at asset level.

There are risks, of course. Higher financing costs, softer consumer spending, wage and energy inflation and geopolitical shocks can all affect profitability. Hospitality is also operationally intensive, so execution matters: the operator, brand, capex plan and timing all have to be right.

For us, that reinforces the importance of specialist management. The sector is more complex than simply owning the bricks and mortar, but that complexity is also where many of the opportunities for active asset management can be found.

GENERALI REAL ESTATE HOSPITALITY EUROPE FUND



AUM	€ 870m (as of Q2 '26)
Target Size	€ 2.0bn
Target Geography	Continental Europe
Investment Strategy	4-5 Star hotels located in EU gateway cities
Target Total Return	8%
Target Core Exposure	60%-80%
Target Value Added	20%-40%
SFDR	Article 8

IMPORTANT INFORMATION

The main objective of the Sub-Fund is to achieve an attractive total return through investments in real estate assets in the hospitality and leisure sectors within the European Union and the United Kingdom. The Sub-Fund also aims to generate recurring income through a well-diversified portfolio. The real estate assets will be positioned primarily as upscale and upper-upscale properties, located in major European gateway cities.

Non-exhaustive list of risks: Counterparty risk, insolvency risk, elevated regulatory risk, illiquidity — real estate investments, leverage risk. Risk of capital loss: This is not a guaranteed product. Investors may risk losing some or all of their initial investment. Before making an investment decision, please read the Alternative Investment Fund's Private Placement Memorandum (PPM).

This marketing communication relates to Generali Real Estate Umbrella Fund, a reserved alternative investment fund (RAIF) organized as an investment company with variable capital and securities (société d'investissement à capital variable) with multiple compartments, and its sub-fund Hospitality Europe Fund (the "Sub-fund"), collectively referred to as "the Fund" and intended exclusively for professional investors in France, Germany, Italy, Luxembourg, the Netherlands, and Spain — not intended for retail investors or U.S. Persons.

This document is jointly issued by Generali Real Estate S.p.A. Società di gestione del risparmio, and Generali Investments Luxembourg S.A., both of which are authorized to market the Fund. The investment in question involves the acquisition of units or shares in a fund and not in a specific underlying asset, such as buildings or shares of a company, since these are merely the underlying assets owned by the fund.

The Fund is not subject to direct supervision by the Luxembourg financial supervisory authority (CSSF). Before making any investment decision, investors are required to read the Private Placement Memorandum (PPM). The PPM is available in English, as are the annual and semi-annual reports, upon request free of charge from the AIFM Generali Investments Luxembourg S.A., 4 Rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg, email: GILfundInfo@generali-invest.com.

The management company may decide to terminate the arrangements made for the marketing of its collective investment undertakings in accordance with Article 93a of Directive 2009/65/EC. A summary of investors' rights (in English or an authorized language) is available on the website <http://www.generali-investments.lu>, in the "About Us / Generali Investments Luxembourg" section.

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